



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sovereign downgrades impact corporate ratings in first quarter

Standard & Poor's indicated that it downgraded 134 issuers and upgraded 111 issuers globally in the first quarter of 2011, with the downgrades representing \$8,400bn and the upgrades \$367.2bn in rated debt. The agency noted that it downgraded 40 corporate issuers in the first quarter of the year as result of 17 sovereign downgrades. It added that the downgrades accounted for 42% of the total by issuer count and 96% by debt volume, with Japan and its related issuers responsible for 85% of the debt volume. It said that the majority of issuers affected by the sovereign downgrades were from the financial sector as banks, financial institutions and insurance firms accounted for 26 sovereign-related downgrades, or 65% of the downgraded corporate issuers, while transportation and utilities accounted for the remaining 14 downgrades or 35% of the total. In parallel, it said that Portugal-based issuers had 17 corporate downgrades that resulted from sovereign downgrades, followed by Japan-based issuers with 8, Ireland with 5, Greece-based issuers with 4, Bahrain- and Belarus-based issuers with 2 each, and Jordan- and South Africa-based issuers with one sovereign-linked downgrade each. It also noted that utilities issuers had 20 downgrades of which 8 were related to Japan's sovereign downgrade and 2 to Portugal's sovereign downgrade.

Source: Standard & Poor's

EMERGING MARKETS

Bank lending conditions improve in first quarter of 2011

The Emerging Markets Bank Lending Conditions Survey indicated that lending improved in the first quarter of 2011, but at a slower rate than in previous quarters. It said demand-side conditions have improved, as demand for loans rose, while non-performing loans continued to decrease. It added that funding conditions deteriorated in the first quarter of the year after improving through 2010, while credit standards tightened. The survey noted that loan demand improved in Asia, Latin America, Emerging Europe, and the Middle East & Africa. It said about 50% of respondent banks said demand increased in all categories of lending. Demand for consumer loans increased the most, with more than 60% of participants saying demand expanded during the first quarter, including 88% of banks in Asia and 71% in Latin America. The survey added that banks in Asia continued to tighten standards, primarily in the real estate sector, and banks in Latin America tightened lending standards to corporations but eased them for consumers; while banks in Emerging Europe adopted easier standards for all types of loans.

Further, the survey revealed that funding conditions took a hit in the first quarter due to deteriorating local funding conditions in Latin America and Asia. Also, banks' NPL ratios fell again in the first quarter, as 71% of Latin American banks and 80% of Asian banks said that NPLs had decreased. The Middle East & Africa was the only region where NPLs did not fall in the quarter, with 31% of respondents expecting an increase in the second quarter of 2011. In parallel, the survey shows that conditions for international trade finance remained favorable, with over 45% of participating banks saying that demand for and supply of trade finance had improved in the first quarter. The survey is addressed to senior loan officers, chief credit officers or other senior officers in equivalent positions at 200 banks based in emerging market countries.

Source: Institute of International Finance

MENA

SMEs loans represent 8% of overall lending in the region

The World Bank and the Union of Arab Banks' joint survey on the status of bank lending to small and medium sized enterprise (SMEs) in the Middle East and North Africa (MENA) region indicated that SME lending is potentially profitable and that most banks are already engaged in lending to SMEs. It noted, however, that the average SME loan portfolio in the MENA region is relatively small, amounting to less than 8% of total loans. The survey highlighted the wide difference in the scale of SME lending between GCC and non-GCC countries, as SME lending accounted for 13% of total lending in non-GCC countries compared to only 2% in GCC countries. SME loans accounted for 24% of total loans in Morocco, the highest such ratio in the MENA region. It was followed by Yemen with 20%, while SME lending represented 0.5% of total loans in Qatar and 1% in Bahrain.

The survey revealed that state-owned banks play an important role in SME lending in several MENA countries, as indicated by the average share of SME loans of 9% of total lending, compared to the 11% share of private banks lending. It added that about 87% of banks in the GCC have SMEs as clients and have a separate unit to manage the SME business, compared to 96% of banks in non-GCC countries that have SMEs as clients and 61% that have a dedicated unit to serve them. It noted that the results reflect the higher importance of SMEs in non-GCC economies, and the significant lending potential across the MENA region to this segment.

Source: World Bank

OUTLOOK

MENA

Oil-importing economies face uncertain outlook, regional change is opportunity for reforms

The International Monetary Fund projected real GDP growth in the oil-importing economies of the MENA region at 1.9% in 2011, down from 3.5% in 2010. It also forecast the annual inflation rate at 8.3% in 2011 relative to 7.6% last year. It said the outlook for oil importers is unusually uncertain, with the region undergoing unprecedented change. It considered that near term risks are mainly on the downside, including the possibility of spreading unrest, sharply higher oil prices, and rising fiscal deficits. It added that further deterioration of investor confidence and associated capital outflows could leave governments short of needed financing. It noted that banking systems have so far been resilient, but cautioned that the prospect of more NPLs arising from the turbulence is also a potential vulnerability. It expected the fiscal deficit of oil-importing economies to widen to nearly 8% of GDP this year from 6.2% of GDP last year, and for the current account deficit to deteriorate to 5.2% of GDP in 2011 from 3.8% of GDP in 2010.

The IMF indicated, however, that the changes currently sweeping through the region provide an opportunity for fundamental reforms and could provide a boost for its economies. It said such reforms include upgrading education systems, improving business environments and allowing more open competition, raising intra-regional trade and reorienting exports toward other fast-growing emerging markets, and developing financial systems with a wider reach. It noted that reducing high unemployment will require a substantial increase in the pace of economic growth; while maintaining macroeconomic stability, along with reforms, could produce tangible results and build economic momentum over time.

Source: International Monetary Fund

UAE

Non-oil growth at 3.6% in 2011, economy to benefit from regional turmoil

The Institute of International Finance projected real GDP growth in the UAE at 3.8% in 2011 compared to 2.7% in 2010, with non-oil growth at 3.6% this year relative to 2.5% last year. It also forecast Abu Dhabi's economy to grow by 3.7% in 2011 from 3.5% last year, and for real GDP growth in Dubai to expand by 3.5% this year compared to 1.7% in 2010. It expected the economies of Abu Dhabi and Dubai to continue to expand next year and to post growth rates of 4.2% and 4%, respectively in 2012. The IIF turmoil in the Arab world could indirectly boost the UAE economy through higher production of crude oil in Abu Dhabi to compensate in part for the disruption of oil supply in Libya; an increase in oil prices and revenues; and a diversion to the UAE of some regional trade, transportation, and tourism. It said Dubai may also benefit as a financial center, as it has the best infrastructure in the region and is viewed as a relatively safe haven for business in the GCC. It noted that trade, hospitality, and finance may recover significantly in Dubai, offsetting further contraction in the real estate sector.

The IIF expected non-hydrocarbon growth in Abu Dhabi to be supported by large public spending on infrastructure, including through government-related entities. It added that the continued rapid growth in India, the UAE's main trading partner, and China will also support the recovery in Dubai. It noted that the downside risks to the outlook include a re-pricing of risk in the region that would lead to more difficult market conditions, as well as the large overhang in the real estate market in Dubai and Abu Dhabi that remain a drag on the economy. It anticipated inflation to remain subdued and to average 1.9% in 2011 and 3.3% in 2012. In parallel, the IIF forecast the UAE's fiscal balance to post a surplus of 7.7% of GDP in 2011 compared to a deficit of 0.2% of GDP last year and a deficit of 11.4% of GDP in 2009. It also expected the current account surplus to rise to 14.2% of GDP in 2011 from 8% of GDP in 2010 and 3% of GDP in 2009.

Source: Institute of International Finance

ARMENIA

Real GDP growth at 4.6%, fiscal deficit at 3.9% of GDP in 2011

The International Monetary Fund projected economic growth in Armenia at 4.6% in 2011 relative to growth of 2.6% for 2010, and compared to growth in oil importing countries in Caucasia & Central Asia (CCA) of 5.2% in 2011. It forecast Armenia's annual average inflation rate at 9.3% in 2011, up from 8.2% in 2010, and compared to inflation in CCA oil importing countries of 13.2% for 2011. Also, it expected broad money to grow by 13.8% this year relative to growth of 10.6% in 2010. The Fund projected the central government's fiscal balance to post a deficit of 3.9% of GDP in 2011, down from 4.9% of GDP in 2010. It estimated public revenues at 20.4% of GDP in 2011, up from 20.1% of GDP in 2010, and total expenditures at 27% of GDP this year relative to 26.5% of GDP last year.

The IMF expected Armenia's public debt to reach 45.6% of GDP at end-2011, up from 39.4% of GDP at end-2010. It also forecast total gross external debt at 37.5% of GDP in 2011, up from 35.5% of GDP in 2010, and compared to external debt in CCA countries of 43.3% of GDP in 2011. Further, the Fund estimated Armenia's exports of goods & services at \$2bn in 2011, constituting an increase from \$1.7bn in 2010; and imports of goods & services at \$4.6bn in 2011, up from \$4.1bn in 2010. It forecast the country's current account deficit at \$1.2bn or 12.4% of GDP in 2011, compared to \$1.3bn or 13.7% of GDP in 2010. The Fund expected the country's gross official reserves to reach \$1.8bn at end-2011, down from \$1.9bn at end-2010.

In parallel, the IMF indicated that banking sector conditions in Armenia have improved, as bank profitability has continued to recover, foreign funding and domestic credit have picked up, and non-performing loans have declined. It added that risks related to the high level of dollarization have been addressed by tightening prudential regulations on foreign exchange funding and lending operations.

Source: International Monetary Fund



ECONOMY & TRADE

SYRIA

Auction for third mobile license postponed indefinitely

The Ministry of Communication & Technology announced that it has postponed indefinitely the auction for Syria's third GSM license that was scheduled for April 27, 2011. Only two operators, Saudi Telecom Company and Qatar Telecom remained in the race for the license after France Telecom, Turkcell and Etisalat pulled out of the process earlier this month only days before the deadline to submit formal bids. The three withdrawing firms cited the license conditions as the reason for their exit. According to the terms of the tender, the winning company will have to pay every year to the Treasury 25% of its revenues, while the Syrian Telecommunications Company, a state-owned entity that is taking over the management of the country's land-line network, must hold a 20% stake in the new operator. The government initiated last year a tendering process to award a third GSM mobile phone license to compete with SyriaTel and MTN-Syria, the two existing mobile phone operators. The current BOT contracts of SyriaTel and MTN-Syria are supposed to be replaced with 20-year licenses. The auction was to take place with a starting price of €90m.

Source: Syria Report

EGYPT

Budget deficit to widen to 9.5% of GDP in 2011

The Institute of International Finance expected Egypt's budget deficit to widen to 9.5% of GDP in 2011 compared to the government's original deficit projection of 7.9% of GDP and a deficit of 8.1% of GDP in 2010. It also expected the deficit to increase to about 10% of GDP in 2012, as higher spending will outweigh the modest pickup in revenue growth. It noted that political events in Egypt and the related disruption to economic activity eliminated any chance of fiscal consolidation this year. It expected tax revenues, which account for about 70% of total government revenues, to be adversely impacted and to decline to 14% of GDP in 2011 from 14.1% in 2009 and 15.7% in 2008. Further, it forecast expenditures to be higher than the previously anticipated overrun and to reflect the 15% increase in public sector wages and the creation of 600,000 public jobs, which will entail higher salaries and eligibility for pensions, social benefits and health insurance. It added that subsidies, which accounted for 25% of total expenditures, or 7.3% of GDP before the crisis, will increase to 27% of spending in 2011. It attributed the increase in subsidies to a change in the government policy, the recent surge in oil prices and the higher cost of wheat and other food products. It also said that the new government is expanding subsidized housing for young people on an expedited basis and will maintain subsidies that were scheduled to be phased out. In parallel, it projected the debt-to-GDP ratio to increase to 74.5% in 2011 and 77% in 2012 from 73.1% in 2010. It noted that the cost of funding increased sharply in the past two months, reflecting increased political risk.

Source: Institute of International Finance

SUDAN

Challenges await South Sudan

The International Monetary Fund indicated that the impending independence of South Sudan in July 2011 will be accompanied by important challenges for the new country. It said the main challenges are a total dependence on oil revenues, which currently account for about 98% of government receipts; weak government institutions; the lack of infrastructure; and a dearth of trained civil servants. It noted that the challenges are compounded by the fact that about half of the South's population lives below the national poverty line. It added that South Sudan will have to build strong institutions with good governance, clear accountability, and transparency to ensure that oil revenues are channeled towards promoting sustainable growth and reducing widespread poverty. The IMF noted that South Sudan lags far behind in most Millennium Development Goals relative to the North and other sub-Saharan African countries. It considered that the South will need to rely on substantial assistance from the international community in the years to come to address these issues.

Source: International Monetary Fund

AFRICA

Fiscal strains in Sub-Saharan Africa persist despite economic growth

Standard & Poor's expected the fiscal performance of most countries in Sub-Saharan Africa (SSA) to improve in 2011 from last year, but to continue to fall short of fiscal results posted during the pre-financial crisis despite strong economic growth. It noted that the ongoing weakness in fiscal indicators across the region reflects governments' scaled up investment programs, higher social spending initiated during the economic slowdown, and slow fiscal revenues recovery. It added that the ongoing increase of global oil prices would increase the risks to fiscal balances, as governments may increase subsidies and reduce taxes on fuel products. As such, it expected the average government debt burden to remain well above the pre-crisis level and to stay unchanged through 2013. It also expected SSA sovereigns to be subject to external vulnerabilities, as risk-averse investors could disrupt short-term portfolio inflows for some sovereigns, mainly those that attract portfolio inflows the most. But it considered that such vulnerabilities would be contained by membership of several SSA economies in a currency union, inflows of foreign donor funds, and the strengthening of remittances inflows. Further, it noted that high fuel and food prices, as well as presidential elections in some countries, could generate social tensions, which would increase the region's political risks. It said, however, that such tensions are unlikely to replicate the systematic political unrest that occurred in North Africa. S&P also considered that the outlook for bilateral aid remain less certain given key donors' fiscal constraints.

Source: Standard & Poor's



BANKING

EMERGING MARKETS

Banking sectors recovering in Central Asia and Eastern Europe

Standard & Poor's indicated that the banking systems in Russia, Kazakhstan, Ukraine, Belarus, Azerbaijan, Georgia and Uzbekistan are showing signs of recovery, underpinned by stabilizing or lower credit costs, reviving business activity, and stabilizing net interest margins. It said that these factors boosted banks' profits and creditworthiness. It noted that credit costs for banks declined due to a contraction in problem loans, but noted that the decline varies across countries and banks, as the severity of the economic crisis on the banking system differed in each country; while the accounting, regulatory & disclosure quality, and recognition of problems assets differed by bank. It noted that problem loans in Ukraine and Kazakhstan are still high at about 40% to 50% of each sector's total loans, while the share of problem loans in Russia is about 25%. It considered that write-offs of problem loans against existing provisions are unlikely to raise credit costs. S&P expected the general trend of stabilizing or lower credit costs to continue through 2011, but at a slower pace than in 2010. It considered the decline in credit cost as a cyclical effect due to the economic recovery, rather than a fundamental change. It said that the banking systems will remain at a high risk, while their credit quality will remain subject to volatility in response to changing political and economic conditions.

Source: Source: Standard & Poor's

TUNISIA

Major banks to come under pressure in 2011

Fitch Ratings expected the overall performance of Tunisia's major banks to come under pressure in 2011 due to the country's anticipated economic slowdown, and to their significant exposure to debtors with links to the previous regime. It said that improving operating revenues will be challenging given the anticipated subdued credit demand and reduced credit-risk appetite from banks. It expected asset quality to be the banks' main weakness in 2011. As such, it said that banks will have to manage possible broad credit quality deterioration in the corporate sector as well as address their exposure to corporate debtors linked to the previous ruling authorities, which it estimated at 67% of the banks' 2010 equity. The agency noted that banks classified only 22% of their total exposure as impaired, mainly because key corporate exposures still have adequate debt-repayment capacity. It added that banks also hold substantial tangible collateral against these exposures, but noted that the value and liquidity of such collateral remain questionable. Fitch estimated the individual banks' net exposures to the previous ruling authorities at end-2010 to range from 30% to 93% of bank equity. In parallel, it said that Tunisian banks hold significant balances of liquid assets, which should weather liquidity pressures from rising and large overdue loans in 2011.

Source: Fitch Ratings

QATAR

Lending stagnates on drop in public sector borrowing

Figures issued by the Central Bank of Qatar show that total assets reached QAR 577bn at the end of March 2011, down by 0.5% month-on-month, but up 1% from end-2010. Loans reached QAR 314.4bn, constituting a decrease of 0.6% month-on-month and of 0.3% quarter-on-quarter mainly due to a 6.7% decline in public sector lending, and despite a 2.4% month-on-month increase in the private sector lending. Further, the cash balance increased by 21.5% month-on-month and by 48.2% quarter-on-quarter as a result of excess liquidity, which contributed to the decline in banks' assets yields in the first quarter. Loan-loss provisions reached QAR 3.9bn at the end of March, constituting a 0.6% rise from February and a 3.5% growth from end-2010, and compared to a 14.1% growth in the previous quarter. In parallel, customer deposits totaled QAR 309.3bn at end-March, growing by 0.8% from end-2010 but decreasing by 5.2% month-on-month. The March decline was due to a 17.7% contraction in public sector deposits and a 1% increase in private sector deposits. The growth in customer deposits in the first quarter posted the slowest rate of increase since the second quarter last year. The loans-to-deposits ratio reached 101.6% at end-March compared to 107% a year earlier, as deposits declined faster than loans in March 2011.

Source: Shuaa Capital

TURKEY

Banking sector to face increasing policy risks

Business Monitor International indicated that Turkey's banking sector is facing considerable challenges in the near future in the form of regulatory and policy risks. It said the Turkish banking sector remains fundamentally sound and expected robust asset expansion over the coming years, as it forecast annual average asset growth of 14.4% through 2015. It added that the NPLs ratio is at a near historic low of 3.8%, and anticipated asset quality to continue improving. It expected, however, that monetary tightening and heightened regulatory measures will squeeze profit margins and hurt banks' profitability. BMI anticipated that the Central Bank of Turkey will reverse course and start raising interest rates in the coming months, as credit growth continues to exceed the 20% to 25% target range, reaching 44.6% year-on-year in March. It also expected bank regulators to become increasingly involved in the sector, which would lead to an increase in the cost of lending. It did not rule out further actions by bank regulators and policymakers to prevent the economy from overheating and to address the growing current account deficit. It noted that such steps may prove to be unfavorable for the banking sector's performance this year.

Source: Business Monitor International



ENERGY / COMMODITIES

Oil prices sustained over \$120 a barrel

U.S. crude for June gained 44 cents to \$113.2 a barrel on April 28, while ICE Brent crude prices gained 33 cents to \$125.5 a barrel, despite concerns over the impact of prices on oil demand and GDP growth. Positive sentiment, as reflected in equity market performance and a weaker U.S. dollar, was key supports to prices this week. OPEC oil output is expected to increase to compensate for some of the lost Libyan output. Brent-WTI near-month spread had narrowed but remains close to \$12 a barrel. Stocks at Cushing in Oklahoma fell this week but remain at historical highs. Also, warnings of power shortages in the summer in China are a key upside demand risk for oil markets. Oil prices are expected to increase further to \$120 per barrel in the second quarter of 2011, before declining towards \$115 per barrel in the third quarter. Despite the projected increase in demand in the third quarter, prices will decrease due to lower risk premium and higher U.S. dollar rates against the Euro.

Source: Standard Chartered, Thomson Reuters

Iraq sets fourth oil and gas bidding round for January 2012

The Iraqi Oil Ministry formally invited international oil companies to bid on 12 new exploration blocs in the fourth oil and gas bidding round since 2003. The auction will take place in January 2012 where seven blocks are expected to contain mainly natural gas, while the remaining five contain crude oil. The auction is part of a plan by the Oil Ministry to increase reserves of oil and gas and offset the expected reduction of fields currently developed by international companies. Iraq expects to add 29 trillion cubic feet of gas and 10 billion barrels of oil to reserves from the auction.

Source: Merrill Lynch

Iraq and China sign \$1bn power plant deal

Iraq's Electricity Ministry signed a \$1bn deal with China's Shanghai Electric on April 25 to nearly double the size of a power plant in the south of Baghdad. The plant was initially scheduled to have four 330 megawatt generators for a total capacity of 1,320 megawatts, while the new deal is expected to expand capacity to 2,540 megawatts. Phase one of the plant, valued at \$924m, started in May 2010.

Source: Thomson Reuters

Egyptian gas pipeline bombed

An Egyptian gas pipeline was bombed in the Sinai Peninsula region on April 27, interrupting the supply to electric power plants in Jordan and Israel. Both Jordan and Israel will be forced to rely on more expensive coal and diesel fuel to power their electric plants. Jordan imports about 240 million cubic feet of Egyptian gas a day, or 80% of its electricity needs. A previous disruption in February cost the Jordanian economy \$4.2m a day.

Source: Dow Jones Newswires

Base metals: Prices supported by weaker dollar and stronger equities

Base metals' performance in the past week showed that fundamentals are not the only factor influencing commodity prices, and that wider markets, including equities and the U.S. dollar can also play an important role. A 3% increase in the Dow Jones Industrial Average and a 2% decline in the U.S. dollar index in the last week supported base metal prices, driving the London Metals Index 4% higher week-on-week despite that lead, tin and zinc prices declined week-on-week. Three-month copper prices rose 3.2% week-on-week towards \$9,980 per ton on April 21 despite weak import data from China and weak Japanese demand. In the first quarter of 2011, China's refined copper imports fell 21% year-on-year to 596 kilo tons, their lowest level in three years. Also, the latest data from Japan shows an 8.1% year-on-year decline in copper wire and cable shipments in March, after the earthquake and tsunami disrupted Japan's manufacturing sector. This constitutes the sharpest fall in 18 months, despite the government's construction of 60,000 temporary houses, as evidenced by a 13.4% year-on-year rise in construction-sector shipments.

Source: Standard Chartered

Precious metals: Gold and silver prices hit record highs

The precious metals complex rallied in the past week, due to worries about inflation and a downward pressure on the U.S. dollar. Silver remained the best performer, rising to around \$50 an ounce while gold continued its slow and steady push higher. The platinum group metals also pushed higher, although Toyota's announcement last week that it will cut output at its North American plants by 70% from April 26 to June 3 implies continued weakness in catalyst demand.

Silver holdings in the world's largest physically-backed ETF, iShares Silver Trust, increased to a record high of 11,390 tons on April 25th. However, gold seems to be gaining favor over silver in the futures market. Data for U.S. exchanges showed that the net position of managed money funds for gold has risen by 15% so far this month, compared with a 7% drop for silver.

Source: Standard Chartered

Global Commodity Outlook			
(3-months LME, \$/ton)	2010	2011f	2012f
Aluminum	2,201	2,620	2,400
Copper	7,570	9,722	10,000
Lead	2,172	2,631	2,650
Nickel	21,913	26,217	23,000
Tin	20,448	31,456	30,000
Zinc	2,188	2,416	2,400
(Spot price, \$/ounce)			
Gold	1,227	1,460	1,650
Palladium	529	795	900
Platinum	1,613	1,873	2,050
Silver	20	37	38

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	-9.9	16.1	2.9	7.4	2.0	3.2	3.4	1.8
	-	-	-	-	Stable								
Angola	B+	B1	B+	-	B	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
	Stable	Positive	Positive	-	Negative								
Egypt	BB	Ba3	BB	BB+	B	-8.2	74.2	14.3	66.5	4.6	88.3	-2.0	3.3
	Negative	Negative	Negative	Negative	Stable								
Ethiopia	-	-	-	-	B	-1.5	-	-	257.5	-	-	-3.9	0.3
	-	-	-	-	Stable								
Ghana	B	-	B+	-	B	-10.8	-	34.9	50.0	-	-	-11.6	10.9
	Stable	-	Negative	-	Positive								
Ivory Coast	-	-	-	-	CCC	-0.2	-	50.1	111.2	-	-	6.8	1.8
	-	-	-	-	Stable								
Libya	BB	-	B	-	BB	13.3	0	7.2	11.6	3.2	5.1	20.1	2.5
	Negative	-	Stable	-	Stable								
Mauritania	-	-	-	-	-	-4.5	88.5	69.8	128.4	-	1,220	-7.6	-1.3
	-	-	-	-	-								
Morocco	BBB-	Ba1	BBB-	BBB-	BB	-4.5	49.9	24.1	78.4	8.0	110.0	-5.3	0.9
	Stable	-	Stable	Stable	Stable								
Nigeria	B+	-	BB-	-	B	-7.9	14.1	5.0	14.2	0.7	-	13.0	0
	Stable	-	Negative	-	Stable								
Sudan	-	-	-	-	CC	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
	-	-	-	-	Stable								
Tunisia	BBB-	Baa3	BBB-	BBB	B	-2.8	43.0	46.3	101.0	11.7	195.2	-4.4	3.7
	Stable	Negative	Negative	Stable	Stable								
Middle East													
Bahrain	BBB	A3	A-	BBB+	BBB	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
	Negative	Stable	Negative	Negative	Stable								
Iran	-	-	B+	BB-	B	0.4	21.7	5.6	19.9	2.7	21.3	4.2	0.8
	-	-	Stable	Stable	Stable								
Iraq	-	-	-	-	CC	-14.2	42.2	41.8	65.4	-	75.3	-14.4	1.4
	-	-	-	-	Stable								
Jordan	BB	Ba2	-	BB	B	-6.3	63.0	19.2	44.8	4.8	48.6	-7.2	9.2
	Negative	Negative	-	Stable	Stable								
Kuwait	AA-	Aa2	AA	AA-	BBB	17.1	6.5	46.2	72.2	3.7	224.0	30.1	-8.7
	Stable	Negative	Stable	Stable	Stable								
Lebanon	B	B1	B	B	B	-8.7	139.0	160.3	243.4	14.7	212.2	-11.1	10.5
	Positive	-	Stable	Stable	Stable								
Oman	A	A2	-	A	A	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	AA-	A	10.8	27.2	80.6	139.3	10.0	512.3	15.6	5.0
	Stable	Stable	-	Stable	Stable								
Saudi Arabia	AA-	Aa3	AA-	AA-	BBB	1.9	12.9	22.6	40.5	2.4	22.7	6.7	7.7
	Stable	Stable	Stable	Stable	Stable								
Syria	-	-	-	BB-	B	-4.3	26.9	14.9	48.0	-	52.9	-3.9	2.7
	-	-	-	Stable	Stable								
UAE	-	Aa2	-	AA-	BB	-2.7	24.7	53.1	57.7	7.3	360.4	5.4	0.6
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	CC	-5.5	45.8	21.4	70.5	-	139.6	-4.9	0.3
	-	-	-	Negative	Stable								

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-	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
	-	-	Stable	-	-								
Bulgaria	BBB	Baa3	BBB-	-	BB	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB	Baa2	BBB-	-	B	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
	Stable	-	Stable	-	Stable								
Romania	BB+	Baa3	BB+	BBB-	B	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
	Negative	-	Stable	Negative	Stable								
Russia	BBB	Baa1	BBB	-	BB	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
	Stable	Positive	Stable	-	Stable								
Turkey	BB	Ba2	BB+	BB	B	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
	Positive	Positive	Stable	Stable	Stable								
Ukraine	B+	B1	B	-	CCC	-5.5	39.2	79.0	164.9	35.9	330.0	-2.0	4.0
	Stable	Positive	Negative	-	Positive								

Sources: International Monetary Fund; Economist Intelligence Unit - The above figures are estimated for 2010



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	15-Mar-11	No change	27-Apr-11
Eurozone	Refi Rate	1.25	07-Apr-11	Raise 25bps	05-May-11
UK	Bank Rate	0.50	07-Apr-11	No change	05-May-11
Japan	O/N Call Rate	0-0.10	07-Apr-11	No change	28-Apr-11
Australia	Cash Rate	4.75	05-Apr-11	No change	03-May-11
New Zealand	Cash Rate	2.50	10-Mar-11	Raise 25bps	28-Apr-11
Switzerland	3 month Libor target	0.25	17-Mar-11	No change	16-Jun-11
Canada	Overnight rate	1.00	12-Apr-11	No change	31-May-11
Emerging Markets					
China	One-year lending rate	6.31	06-Apr-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	15-Mar-11	No change	27-Apr-11
Taiwan	Discount Rate	1.75	31-Mar-11	Raise 12bps	24-Jun-11
South Korea	Base Rate	3.00	10-Mar-11	Raise 25bps	13-May-11
Malaysia	O/N Policy Rate	2.75	11-Mar-11	No change	05-May-11
Thailand	1D Repo	2.75	20-Apr-11	Raise 25bps	01-Jun-11
India	Reverse repo rate	6.75	17-Mar-11	Raise 25bps	03-May-11
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 25bps	N/A
Saudi Arabia	Repo rate	0.25	16-Jun-09	Cut 25bps	N/A
Egypt	Overnight Deposit	8.25	24-Dec-09	No change	N/A
Turkey	Base Rate	6.25	23-Mar-11	No change	21-Apr-11
South Africa	Repo rate	5.50	24-Mar-11	No change	12-May-11
Kenya	Central Bank Rate	6.00	22-Mar-11	Raise 25 bps	May-11
Nigeria	Monetary Policy Rate	7.50	22-Mar-11	Raise 100 bps	May-11
Ghana	Prime Rate	13.50	Apr-11	No change	Apr-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	15-Apr-11	No change	27-May-11
Brazil	Selic Rate	12.00	20-Apr-11	Raise 25bps	08-Jun-11
Armenia	Refi Rate	8.50	Apr-11	Raise 25bps	N/A
Romania	Policy Rate	6.25	05-May-10	Raise 25bps	N/A
Bulgaria	Base Interest	0.19	01-Apr-11	Raise 1bps	N/A
Kazakhstan	Refi Rate	7.50	01-Apr-11	No change	N/A
Ukraine	Discount Rate	7.75	10-Aug-10	Cut 75bps	N/A
Russia	Refi Rate	8.00	28-Feb-11	No change	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

The Country Risk Weekly Bulletin is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from the Country Risk Weekly Bulletin may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.



BYBLOS BANK GROUP

LEBANON

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

SYRIA

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

IRAQ

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

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

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336400
Fax: (+ 971) 2 6338400
E-mail: byblosbankuae@byblosbank.com

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 37500 - Republic of Armenia
Phone: (+ 374) 10 530 362
Fax: (+ 374) 10 535 296

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol - Cyprus
Phone: (+ 357) 25 341433 / 4 / 5
Fax: (+ 357) 25 367139
E-mail: bybloscyprus@byblosbank.com

BELGIUM

Byblos Bank Europe S.A
Brussels 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

UNITED KINGDOM

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

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293

