

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Trading in Credit Default Swaps down 23% to \$306bn in first quarter

Trading in emerging markets Credit Default Swaps (CDS) reached \$306bn in the first quarter of 2011, constituting a 23% decrease from \$397bn in the same period last year but a 47% rise from \$208bn in the fourth quarter of 2010. Emerging markets CDS posted a significant recovery from end-2010, but still below the volume posted in the first quarter last year as Asia was the only region to post a year-on-year growth. The most frequently traded sovereign CDS contracts were those of Brazil at \$48bn, followed by Turkey at \$36bn and Mexico with \$32bn. The most frequently traded corporate CDS contracts were those on Gazprom at \$8bn, followed by Pemex at \$2bn and Petrobas at \$1bn. The survey covered data on CDS contracts for 19 emerging economies and 10 emerging market corporate issuers from 12 major international banks and broker-dealers. It noted that the drop in the growth rate of emerging markets CDS trading volume reflects low market volatility and relatively high spreads on CDS compared to similar bonds. As such, it said the use of CDS as a hedging instrument became less popular compared to the same period last year. Trading in emerging markets CDS stood at \$1,452bn in 2010.

Source: EMTA

MENA

IMF proposes measures to reduce youth unemployment

The International Monetary Fund indicated that the MENA region has the highest unemployment rate in the world and that unemployment is especially pronounced among the young and the educated, where the share of young people among the unemployed in Lebanon, Egypt, Jordan, Morocco, Syria and Tunisia exceeds 40%. It added that unemployment in these countries tends to increase with the level of education, exceeding 15% for those with tertiary education in Egypt, Jordan and Tunisia. The Fund said that governments can implement a number of immediate measures to boost job creation and improve the employment rate of their young populations by focusing on labor-intensive infrastructure projects. It encouraged policy-makers to provide tax incentives or credit guarantees to viable labor-intensive small- and medium-sized enterprises, and to introduce adequate youth-oriented training programs. The IMF noted that short-term measures should be combined with a comprehensive job strategy that fosters growth, transforms educational systems, and provides adequate social protection to workers and job seekers. It considered that the region suffers from overly rigid labor market regulations, such as the high cost of firing staff that discourages firms from hiring in the first place. It explained that policy should aim at relaxing these regulations, while preserving the right to collective bargaining and providing effective social protection, including unemployment insurance.

Source: International Monetary Fund

IPOs down 95% in first quarter of 2011

Ernst & Young indicated that initial public offerings (IPOs) in the Middle East raised \$21.7m in the first quarter of 2011, constituting a decline of 94.8% from \$420.4m in the first quarter of 2010. It said that the region's IPOs raised only 0.45% of global funds in the first quarter of 2011. It added that IPO activity was limited to two countries in the first quarter, as the Insurance House in Abu Dhabi raised \$18.6m and the Middle East Exchange Company in Syria raised \$3.1m. Ernst & Young said the regional IPO market fell to its lowest level in five years. It attributed the decline to weak investor sentiment due to underperforming stock markets and risk aversion. It considered that the downward trend could be reversed in the second quarter of the year if some of the announced and open IPOs get confirmed. It noted that nine IPOs that were expected to raise around \$4.7bn were postponed or withdrawn in March, the largest monthly IPO volume since October 2008.

Source: Ernst & Young

UAE

Trade-related losses to reach up to 0.7% of GDP from Iran sanctions

The International Monetary Fund estimated the UAE economy's losses from the disruption of trade links with Iran to range between 0.2% of GDP and 0.7% of GDP annually. It said that the reduction in the availability of trade finance and payments schemes are the main channel through which the new round of international sanctions are affecting trade with Iran, which constitutes the second largest destination for UAE exports. It noted that exports to Iran account for 6% of the UAE's total exports and 12% of its non-hydrocarbon exports, while re-exports exceed 90% of the UAE's total exports to Iran. It added that the financial restrictions imposed by the sanctions are making UAE banks reluctant to take on transactions involving Iranian banks or companies, which is complicating and increasing the costs of securing trade, executing payments and obtaining insurance for trading companies. It added that the latest round of sanctions imposed last June led to a decline in Dubai's trade with Iran by 15% in the third quarter last year compared to the same period of 2009 due to a drop of 13% in re-exports activity to Iran. The Fund estimated that a 30% fall in exports to Iran would reduce the UAE's economic activity by 0.2% of GDP, while a total stop of exports to Iran would result in losses of 0.7% of GDP. In parallel, the IMF indicated that sanctions would undermine the Dubai housing market, given that the process of the execution of payments and settlements risk reduces demand for real estate from Iran, as its nationals constitute the fourth largest buyers of Dubai's real estate. It added that UAE-based banks could accumulate losses as they cut financial services provided to Iran-based customers.

Source: International Monetary Fund

OUTLOOK

JORDAN

Public debt to reach 63% of GDP, current account deficit at 8.5% of GDP in 2011

The International Monetary Fund projected Jordan's real GDP growth at 3.3% in 2011, marginally up from 3.1% in 2010, and compared to growth in Mashreq countries of 1.5% this year. It forecast Jordan's annual average inflation rate at 6.1% in 2011, up from 5% in 2010 and compared to inflation of 9.6% in 2010 and 10.2% in 2011 for Mashreq economies. Further, it expected the growth of broad money at 8.9% this year relative to 11.5% last year. In parallel, EFG Hermes anticipated the tourism and construction sectors to be negatively impacted by regional political developments and a tight fiscal position. The Fund projected the central government's fiscal deficit to widen to 6.8% of GDP in 2011 from 5.4% of GDP in 2010, as EFG Hermes added that social pressures limit the government's ability to move ahead with fiscal reforms. It estimated public revenues at 21.1% of GDP this year compared to 21.7% of GDP last year and total expenditures at 30% of GDP in 2011 relative to 29.2% of GDP in 2010.

The IMF forecast Jordan's public debt to rise to 62.8% of GDP at end-2011 relative to 61.4% at end-2010, and for total external debt to reach 19% of GDP at the end of this year compared to 21.6% of GDP at the end of last year. Further, the Fund estimated exports of goods & services from Jordan at \$13.2bn in 2011, up from \$12.2bn in 2010; and imports of goods & services at \$20.2bn in 2011, up from \$18bn in 2010. It forecast the country's current account deficit at \$2.5bn or 8.5% of GDP in 2011, up from \$1.5bn or 5.4% of GDP in 2010 and compared to a deficit for Mashreq countries of 4.7% of GDP in 2011. The Fund expected the country's gross official reserves to decline to \$11.6bn at end-2011 from \$12.4bn at end-2010.

Source: International Monetary Fund, EFG Hermes

ALGERIA

Current account to post surplus of 18% of GDP, fiscal surplus at 5% of GDP in 2011

The International Monetary Fund projected Algeria's real GDP growth at 3.6% in 2011, up from 3.3% last year and compared to growth of 4.1% for the Middle East and North Africa economies and 4.9% for the region's oil exporters in 2011. It also forecast non-oil GDP to grow by 5.3% in 2011, unchanged from last year, and compared to non-oil growth of 3.5% for the region's oil exporting countries this year. It expected the country's nominal GDP to reach \$192.4bn this year, up from \$160.3bn in 2010. It forecast Algeria's annual average inflation rate at 5% in 2011, up from 4.3% in 2010 and compared to inflation of 10.9% in oil-exporting countries for 2011. It also expected broad money to grow by 14.1% this year, almost unchanged from 14.3% last year. The Fund projected the central government's fiscal balance to post a surplus of 5% of GDP in 2011 relative to a deficit of 2.7% in 2010 and compared to a 7.5% surplus in oil-exporting economies. It estimated public revenues at 42.2% of GDP in 2011, up from 38.9% of GDP last year, and total expenditures at 37.2% of GDP this year, down from 41.6% of GDP in 2010.

The IMF projected Algeria's public debt to reach 10.1% of GDP at end-2011, almost unchanged from 10.2% at end-2010. It also forecast total gross external debt at 2% of GDP this year, down from 2.8% last year and compared to external debt of 26.5% of GDP for oil exporters. Further, the Fund estimated Algeria's exports of goods & services to increase to \$89.5bn in 2011 from \$63.8bn in 2010, and imports of goods & services at \$55.5bn in 2011 relative to \$50.5bn in 2010. It also forecast the country's current account surplus at \$34.3bn, or 17.8% of GDP, in 2011 compared to \$15.1bn, or 9.4% of GDP, in 2010 and to a surplus of \$378bn, or 16.9% of GDP, for oil-exporting economies in the region.

Source: International Monetary Fund

TUNISIA

Economy to contract by 1.5% in 2011, structural reforms are essential for sustainable growth

The Institute of International Finance expected Tunisia's real GDP to contract by 1.5% in 2011 compared to growth of 3.4% last year due to the disruption of economic activity from the political turmoil. It forecast agriculture and fishing activity to grow by 5% and for the non-agricultural economy to contract by 2.2% this year. It added that the tourism industry, a large provider of jobs and a main source of foreign currency, will remain under intense pressure for much of this year. The IIF expected that weaker tax revenues resulting from a slowdown in economic activity, combined with pressures to increase government spending to create new jobs and to restore food and petroleum subsidies, will widen the fiscal deficit from 1.4% of GDP in 2010 to 4.5% of GDP in 2011. Further, it anticipated the current account deficit to widen significantly from 4.7% of GDP in 2010 to 7.5% of GDP in 2011, as the slowdown in exports of goods and services more than offset the deceleration in import growth due to weak domestic demand. In parallel, it said that banks are likely to suffer from a significant increase in NPLs due to the failure of some large businesses owned by the family and close associates of the former president, who controlled a large share of the Tunisian economy.

The IIF noted that the current political and constitutional transformation needs to be accompanied by structural economic reforms to put the economy on a higher and sustainable growth path in order to reduce high unemployment. It considered that economic output needs to grow by at least 6% to 7% on a sustainable basis in order to provide jobs for new entrants and to materially reduce the high unemployment rate to upper single-digit levels by 2015, and close to the 6% average for emerging markets by 2020. It added that the country needs to shift from a low value-added and low-cost economic model to a higher value-added, knowledge-intensive economy in order to reduce unemployment, especially among the young and educated.

Source: Institute of International Finance



ECONOMY & TRADE

EGYPT

World Bank and Saudi Arabia pledge up to \$8.5bn to support economy

The World Bank announced up to \$4.5bn in support to Egypt over the next 24 months. It said the support includes \$1bn in budget support this year linked to governance and openness reforms, with a further \$1bn available next year depending on progress. It added that the balance would be made up of investment lending for specific projects, financing for private businesses and political risk guarantees. The Bank is already working on a \$200m support program for labor intensive public infrastructure and is disbursing another \$1bn over the next 24 months from existing loans. The World Bank's aid is part of a potential package that includes an International Monetary Fund program to address budget and reserve shortfalls and reforms that strengthen Egypt's credit and investment prospects. In parallel, Saudi Arabia pledged \$4bn to support Egypt's economy. The package includes a \$1bn deposit at the Central Bank of Egypt, \$0.5bn in bond purchases, \$0.5bn for general budget financing and \$0.5bn in soft loans. Also, the Saudi Fund for Development will provide \$0.5bn in soft loans for development programs while a \$0.2bn grant will be used to finance small and medium-sized enterprises. Further, \$0.75bn will come in the form of credit lines to finance exports from Saudi Arabia to Egypt. In addition, the U.S. announced it would relieve Egypt of up to \$1bn in debt and would guarantee another \$1bn in loans to finance infrastructure and job creation.

Source: World Bank, Thomson Reuters

UAE

Dubai's debt unsustainable without policy change

The International Monetary Fund indicated that Dubai's gross government debt increased to 34% of GDP at the end of 2010 from 10.3% of GDP at end-2008 and 1.6% of GDP at end-2007 due to the bailout of government-related entities (GREs), adding that the rise in contingent liabilities from GREs has raised Dubai's fiscal vulnerabilities. It considered that government data underestimates Dubai's total debt by omitting quasi sovereign contingent liabilities, and that most GREs operating in the real estate sector pose a fiscal risk as they continue to perform weakly. As such, it estimated the contingent risk for the government of Dubai at a minimum of \$11bn by end-2016, with more than 70% of these liabilities coming due in 2011-12. It said this would raise Dubai's total debt to 47.4% of GDP at end-2012, compared to 34.6% of GDP for the government alone. In parallel, it expected Dubai's government debt to reach 41% of GDP by end-2016 despite gradual fiscal consolidation, adding that it could increase to 53% of GDP in the absence of such policies. Further, when including contingent liabilities, Dubai's total debt would reach 54.3% of GDP with fiscal consolidation and 62.5% of GDP without reforms by the end of 2016.

Source: International Monetary Fund

QATAR

Profits of listed companies up 13% in first quarter

The aggregate net profit of listed companies on the Doha Stock Exchange reached QAR 9bn in the first quarter of 2011, constituting a 12.6% increase from QAR 8bn in the same period last year. The banking & financial sector accounted for 39% of aggregate net profits, followed by the services sector with 30%, the industrial sector with 27%, and the insurance sector with 4%. Also, 30 companies improved their income in the covered period, relative to 10 companies that reported a decline in net profits and one company that posted a net loss. The industrial sector's net profits increased by 60% year-on-year and posted the highest profit growth among all sectors, mainly because of higher oil prices and increased prices of petrochemical products. It was followed by the banking & financial sector with a 24% rise in net income due to strong core operating earnings. In parallel, the services sector performed poorly in the first quarter, as its profits contracted by 17.2% year-on-year, followed by the insurance sector with a 12.4% profit drop.

Source: Global Investment House

ANGOLA

Sovereign ratings upgraded on improved fiscal and economic stability

Fitch Ratings upgraded Angola's long-term foreign and local currency Issuer Default Ratings (IDR) to 'BB-' from 'B+' with a 'stable' outlook. It also upgraded the Country Ceiling to 'BB-' and affirmed the short-term rating at 'B'. It attributed the upgrades to improved macroeconomic stability due to tight monetary policy and IMF-supported reforms, as well as to fiscal tightening and higher oil prices. It added that the exchange rate has been relatively stable since the second quarter of 2010, short-term interest rates have declined, and reserves have continued to recover. The agency noted that high oil prices, expenditure restraint, and fiscal reforms to mitigate the impact of oil price shocks are strengthening public finances. It added that the budget returned to strong surplus of 5.2% of GDP in 2010 and forecast large budget surpluses in 2011-2012. It said the public debt fell to 21% of GDP in 2010 and expected the net public debt ratio will improve substantially making Angola a net public creditor by 2012.

In parallel, the agency said the current account posted a surplus of 5.8% of GDP in 2010 and the country rebuilt reserves to \$19.7bn from a low of \$13bn in January 2010. It expected this trend to continue as long as oil prices stay relatively high, and projected Angola's net external creditor position to improve to around 18% of GDP and 30% of current external receipts by 2012. Fitch considered that the major ongoing risk for Angola is a substantial decline in oil prices. Further, slippage on IMF-supported reforms would increase Angola's vulnerability to oil price shocks and could lead to downward pressure on the ratings. It noted that structural reforms to improve the business environment and reduce inflation could help consolidate macro-stability and strengthen creditworthiness.

Source: Fitch Ratings



BANKING

BAHRAIN

Deposit outflows at \$22bn in first quarter

Figures issued by the Central Bank of Bahrain show that deposit outflows from wholesale banks totaled \$21.8bn in the first quarter of 2011, equivalent to 96% of GDP and 16% of total liabilities. The outflows came largely on the back of a drop in foreign liabilities to banks and non-banks, as the geographical funding structure is heavily tilted towards Western Europe that accounts for 43% of the total. The wholesale banking sector, consisting of investment banks and offshore banking units, holds over 70% of Bahrain's total banking sector assets. In parallel, the retail banking sector saw month-on-month deposit growth of 5.8% in March after flat deposit growth in the first two months of the year. Bahrain is the source of 55% of the retail banks liabilities, followed by the GCC with 20% of total, which constituted a major factor in stabilizing the deposit base. Assets of Bahrain's banking sector are equivalent to over 10 times the country's GDP, while BIS foreign claims on the private sector amount to 87% of GDP. Also, the financial services sector contributes about 25% of real GDP.

Source: Merrill Lynch

QATAR

Public sector drives lending growth

Figures issued by the Central Bank of Qatar show that total assets reached QAR 587.6bn at the end of April 2011, up by 1.8% month-on-month and 2.8% from end-2010. Loans reached QAR 318.3bn, constituting an increase of 1.3% month-on-month mainly due to a 3.6% growth in public sector lending, as private sector credit growth stagnated at 0.3% due to reduced exposure to the general trade and real estate sectors. The growth in public sector lending is expected to accelerate in the near future given the strong outlook for infrastructure and construction projects. Also, public sector spending is expected to generate higher credit demand by the private sector in 2011 despite an anticipated slowdown in retail lending following stricter regulations issued by the CBQ. In parallel, customer deposits totaled QAR 333.4bn at end-April, growing by 7.8% month-on-month due to a strong growth in private sector deposits of 10% month-on-month and a more moderate growth in public sector deposits of 3.8%. Also, customer deposits increased by 22% year-on-year despite a decline in non-resident deposits, following the reduction in deposit rates earlier this year that narrowed the interest rates differential between Qatari banks and the rest of the GCC region. The loans-to-deposits ratio reached 95.5% at end-April compared to 104% a year earlier.

Source: EFG Hermes, Shuaa Capital

NIGERIA

Central Bank raises policy rate by 50bps to 8%

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) increased its policy rate by 50 basis points to 8% from 7.5% previously. The MPC also increased bank cash reserve requirement by 200bps to 4% from 2%, while it raised the key borrowing and lending rates by 50bps each to 6% and 10%, respectively. The MPC attributed its decision to the need to address inflationary expectations associated with the excessive liquidity and pressure on the foreign exchange market.

Nigeria reported annual headline inflation of 11.3% in April, compared to 12.8% in March, and above the CBN's inflation target of 10%. Food inflation declined to 10.7% in April from 12.2% in March and February 2011; but core inflation rose slightly to 12.9% in April from 12.8% in March 2011. The MPC added that, given that fiscal adjustment will require time to take place, monetary policy will have to bear the burden of adjustment through further tightening in order to rein in inflation and move towards positive real interest rates.

Source: Central Bank of Nigeria

CHINA

Profits of top 5 banks up 31% to \$28bn in first quarter

The Institute of International Finance indicated that total assets of banks operating in China reached \$15.5 trillion at the end of the first quarter of 2011, constituting a 20% increase from the same period last year and equivalent to 250% of the country's GDP. It added that the total assets of China's top five banks, which accounted for 51% of the sector aggregate assets at the end of the first quarter, posted a 15% increase from end-2010 but remained below the sector's 20% growth level. It noted that the aggregate net profits of China's five largest banks reached \$28bn in the first quarter, constituting a 31% increase from the same period last year and a 48% growth from the previous quarter. The top 5 banks' profits represent 80% of the 16 listed banks' net income. The IIF attributed the strong performance of China's top five banks to robust loan growth and a tighter monetary policy that allowed banks to raise lending rates. Further, it noted that top banks' large deposit base constitutes a funding advantage over smaller banks as monetary policy tightens. It added that the five largest banks reported lower non-performing loans (NPLs) in the first quarter compared to the same period last year, despite rapid lending growth. It noted that NPLs-to-total loans ranged between 1% and 1.76% for China's top banks. It added that banks will likely set aside more funds for provisioning over the near term given that slower growth prospects will boost NPLs from current low levels.

In parallel, the IIF said that the implementation of more rigid regulatory requirements and the expected further tightening in monetary policy suggest that banks' profits will likely come under increasing pressure. It added that the five largest banks will need to continue strengthening their capital adequacy ratios over the medium term through retained earnings and additional outside funds in order to maintain loan growth, given the large capital requirements imposed by the People's Bank of China.

Source: Institute of International Finance



ENERGY / COMMODITIES

Brent crude rises above \$115 on lower U.S. stocks

Brent crude rose above \$115 a barrel on May 26 as an unexpected drop in U.S. distillate stocks surpassed gains in gasoline and crude inventories. Also, violence in Libya and Yemen supported the oil market, raising concerns once again of further supply disruptions in the region. Brent crude for July rose 32 cents to \$115.3 a barrel, while U.S. crude gained 27 cents to \$101.6 a barrel on May 26th. The Energy Information Administration noted that U.S. distillate inventories fell 2 million barrels to 141 million barrels on May 25, its lowest level since April 2009. Gasoline stocks rose by 3.8 million barrels, while crude stocks showed a modest gain of 616,000 barrels. Analysts stated that the ongoing tensions in the MENA region added a \$10-\$20 security premium to oil prices.

Source: Thomson Reuters

IFC to help Armenia enhance power grid and renewable energy

The International Finance Corporation signed a cooperation agreement with the Armenian Ministry of Energy & Natural Resources to increase the efficiency of Armenia's energy system by introducing new renewable energy sources. The Armenian government increased the number of small hydropower plants and renewable energy generators in the country, but there is a need to ensure the reliability and secure operations of the national power grid. The IFC Armenia Sustainable Energy Finance Project aims to develop the country's power grid based on best international practices, and will set basic technical requirements to securely operate the power system in standard and emergency situations.

Source: International Finance Corporation

Syria's annual energy bill to reach \$40bn in 2030

The Syrian Ministry of Electricity stated that the country will need to import every year 46 million tons of oil-equivalent products starting in 2030, which will cost around \$40bn per year at current market prices, if the growth in demand continues at its current pace. Demand for energy products is projected to reach the equivalent of 70 million tons of oil in 2030, while domestic production is projected to stand at 24 million tons. Syria's current annual demand for energy products is at 25 million tons of oil. Syria was a net oil exporter for around 20 years, but became a net importer since 2008.

Source: Syria Report

Iraqi government does not consider KRG oil contracts legal

The Iraqi Oil Ministry stated that the central government does not consider contracts signed between the Kurdistan Regional Government (KRG) and international oil companies as legal. This follows a first oil payment of \$243m to the KRG, accounting for half of the revenues from oil exports between February and March 2011. The ministry said the government will pay only capital costs to companies and not profits. Iraq has steadily increased oil production which reached 2.14 million barrels per day in April compared to 1.77 million barrels per day a year ago.

Source: JP Morgan

Base metals: Prices still under downward pressure as growth slows

Base metal prices recovered in the past week, although further selling pressure resurfaced, as sentiment across financial markets deteriorated and speculators pulled back. The three-month lead price rose 7% week-on-week, zinc increased 3% week-on-week and copper rose slightly above \$9,000 a ton. However, nickel prices dropped by 6% week-on-week. The net speculative position for all commodities on U.S. exchanges fell sharply by 18% since the start of May. Copper has been particularly hit, with the net long position down 67% during the period. The net long position for copper currently stands at 7,745 contracts, down from a recent peak of 32,163 contracts in December 2010. Prices of base metals are strongly correlated with the performance of China's manufacturing sector as it accounts for 40% for total global demand. Even if growth in China remains fairly high, demand for commodities is expected to be adversely affected by destocking in the near term.

Source: Standard Chartered, Capital Economics

Precious metals: Gold hits new highs, silver rebounds

Prices of precious metals increased in the past week, due to a stronger U.S. dollar. Silver increased 5% week-on-week, while gold rose 2% week-on-week on May 24th. The platinum group metals was mixed, with platinum down 1% week-on-week, while palladium rose 1% week-on-week. Problems in Europe helped drive up gold prices in Euro terms to record highs.

Silver holdings by major physical ETFs have dropped 8.8% from the start of May and net speculative positions on U.S. exchanges, including futures and options, were down by 35% in the same period. The gold-to-silver ratio currently stands at 43 relative to the 10-year average of 62, suggesting more downside risk for silver over the medium-term. Gold however has seen safe-haven inflows by ETF investors, on the back of the unfolding crisis in Europe and heightened worries about future inflation. Gold holdings by major physical ETFs dropped 0.9% from the start of May.

Source: Standard Chartered

| Global Commodity Outlook | | | |
|--------------------------|--------|--------|--------|
| (3-months LME, \$/ton) | 2010 | 2011f | 2012f |
| Aluminum | 2,201 | 2,595 | 2,400 |
| Copper | 7,570 | 9,597 | 10,000 |
| Lead | 2,172 | 2,619 | 2,650 |
| Nickel | 21,913 | 25,592 | 23,000 |
| Tin | 20,448 | 31,456 | 30,000 |
| Zinc | 2,188 | 2,391 | 2,400 |
| (Spot price, \$/ounce) | | | |
| Gold | 1,227 | 1,491 | 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 | BB- | - | B | 2.7 | 20.6 | 20.2 | 35.7 | 8.2 | - | 1.6 | 17.6 |
| | Stable | Positive | Stable | - | 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 | -7.2 | 136.7 | 160.8 | 240.3 | 14.7 | 212.2 | -10.2 | 10.0 |
| | 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- | CCC | -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 | 22-Apr-11 | No change | 22-Jun-11 |
| Eurozone | Refi Rate | 1.25 | 05-May-11 | No change | 09-Jun-11 |
| UK | Bank Rate | 0.50 | 05-May-11 | No change | 09-Jun-11 |
| Japan | O/N Call Rate | 0-0.10 | 20-May-11 | No change | N/A |
| Australia | Cash Rate | 4.75 | 31-May-11 | No change | 07-Jun-11 |
| New Zealand | Cash Rate | 2.50 | 28-Apr-11 | No change | 09-Jun-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 | 22-Apr-11 | No change | 22-Jun-11 |
| Taiwan | Discount Rate | 1.75 | 31-Mar-11 | Raise 12bps | 24-Jun-11 |
| South Korea | Base Rate | 3.00 | 13-May-11 | No change | 10-Jun-11 |
| Malaysia | O/N Policy Rate | 3.00 | 05-May-11 | Raise 25bps | Jul-11 |
| Thailand | 1D Repo | 2.75 | 20-Apr-11 | Raise 25bps | 01-Jun-11 |
| India | Reverse repo rate | 7.25 | 03-May-11 | Raise 50bps | 16-Jun-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 | 21-Apr-11 | No change | 25-May-11 |
| South Africa | Repo rate | 5.50 | 12-May-11 | No change | 21-Jul-11 |
| Kenya | Central Bank Rate | 6.00 | 22-Mar-11 | Raise 25 bps | May-11 |
| Nigeria | Monetary Policy Rate | 8.00 | 25-May-11 | Raise 50 bps | N/A |
| Ghana | Prime Rate | 13.00 | May-11 | Cut 50 bps | Jul-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 | 10-May-11 | No change | N/A |
| Romania | Policy Rate | 6.25 | 05-May-10 | Raise 25bps | N/A |
| Bulgaria | Base Interest | 0.21 | 01-May-11 | Raise 2bps | 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 | 8.25 | 03-May-11 | Raise 25bps | N/A |



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