



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate default rate at 2.4% at end-May 2011

Moody's Investors Service indicated that the rate of global speculative-grade corporate defaults reached 2.4% at the end of May relative to 2.3% in April and to 7.6% at end-May 2010. The agency said there were 10 defaults in the first five months of the year compared to 23 defaults in all of 2010. It said that many corporate fundamentals remain solid despite widening spreads and weakening economic news. It expected, however, the occurrence of few defaults among corporates in advanced economies. It forecast the global speculative-grade default rate to fall to 1.5% at end-2011 and to reach 1.7% at end-May 2012. Measured on a dollar volume basis, the global speculative-grade bond default rate reached 1.5% at end-May 2011, unchanged from end of April but down from 6.9% at end-May 2010. Moody's added that its speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, stood at 6.6% at end-May 2011, up from 6% at end-April but down from 14.9% at end-May 2010.

Source: Moody's Investors Service

MENA

Real estate market struggling to attract international institutional investors

Jones Lang LaSalle's MENA Real Estate Investor Sentiment Survey for 2011 indicated that institutional investors' interest in the region's real estate markets remains limited to local players. It attributed the lack of interest from international institutional investors to inadequate pricing, lack of investment-grade products, lack of income-producing assets, regional economic and political uncertainty, a lack of transparency, and investment offerings directed primarily at local investors. It said that the number of buyers outnumbered that of sellers in almost all markets across the region, with a marked divergence between markets that are perceived as secure and stable such as the UAE, Qatar and Saudi Arabia, and those with political uncertainty such as Bahrain, Egypt and Syria. It noted, however, that the fact that buyers exceed sellers will not by itself generate transactions, adding that the sector will miss out on global capital flows in 2011 unless real estate products are offered at realistic prices. Further, it said that 75% of current investors plan to increase their level of investment in the region's real estate market over the next 12 months compared to 7% who intend to decrease their level of exposure during the period. It expected individual transactions to average between \$20m and \$50m. It added that yield spreads posted a narrow range of 9% to 11% for all asset classes, which suggests that yield expectations are determined by the strength of tenant covenant rather than the asset risk. It added that current yield expectations do not sufficiently capture market risk in the GCC given the potential oversupply in many asset classes.

Source: Jones Lang LaSalle

Net private capital inflows to decline by 28% on regional uncertainties

The Institute of International Finance expected total net private capital flows to the Middle East and Africa region to reach \$55.7bn in 2011, constituting a decline of 27.6% from \$77bn in 2010. It said the forecast reflects a downwards revision of \$33.4bn from a January projection due to the impact of political turmoil on capital flows in the region. It expected net private capital flows to the region to account for 5.5% of total net private flows to emerging markets in 2011 compared to 7.8% last year. The IIF forecast net direct investment to increase to \$62.1bn in 2011 and \$64.3bn in 2012 from \$53.8bn in 2010. It estimated net portfolio investment in the region at \$0.7bn last year and expected outflows of \$16bn in 2011 and \$6bn in 2012. Also, it forecast net commercial bank lending to drop by 72% to \$3bn this year and to slightly increase to \$5.5bn in 2012. It estimated net non-bank private lending to regress to \$6.6bn in 2011 from \$11.8bn in 2010, before slightly improving to \$8.2bn in 2012. It also projected net lending by official creditors to increase to \$4.6bn this year from \$3.7bn last year, and to jump to \$8.6bn in 2012. The IIF said that the 15% expected increase in FDI will help offset portfolio equity outflows and the estimated 57% drop in inflows from banks and other private creditors.

Source: Institute of International Finance

Country risk deteriorates on political instability

Euromoney magazine's quarterly survey on global country risk shows that risk in the MENA region deteriorated in the second quarter of the year. The average score of 20 MENA countries reached 46.2 points in June 2011, down 4.8% from 48.5 points in March 2011. Also, the average score of Arab countries reached 43.9 points in June 2011, down 5.2% from 46.3 points in March 2011. The scores of two MENA countries improved, 17 regressed and one remained unchanged from March 2011 while the rankings of one country improved, 15 declined and four remained unchanged in the covered period. The region's Political Risks score was 41.1 points, down 8.4% from March 2011, and below the global average of 45.3 points; while the MENA Economic Performance score declined by 6.2% to 48 points but remained favorable relative to the global average of 43.5 points. Further, the region's Credit Ratings averaged 3.9 points, unchanged from March 2011; while its score on Access to Bank Capital & Capital Markets averaged 3.6 points, unchanged from the previous quarter. Also, the region's score on Debt Indicators remained unchanged at 7.3 points. Qatar is the country with the best country risk ratings in the MENA region while Mauritania continues to have the worst risk level in the region.

Source: *Euromoney*, *Byblos Research*

OUTLOOK

MENA

Growth revised downward to 2.8% in 2011

The World Bank projected economic growth in the Middle East & North Africa at 2.8% in 2011 compared to a January forecast of 4.1% and down from 3.2% in 2010. It expected countries with poor resources and abundant labor to grow by 2.5% in 2011 compared to a previous estimate of 5.2% and down from 4.5% in 2010, and projected real GDP growth in economies with rich resources and abundant labor at 1.4% in 2011 relative to a previous forecast of 3.6% and down from 2.2% in 2010. It said that revolutions and unrest disrupted economic activity across the region and noted that the disruptions will continue to restrain growth in a number of countries during this year and potentially next year. It expected oil importers to post high inflation rates and to subsidize food and energy prices.

The Bank that the political and economic outcomes of uncertainties in the region are still uncertain and can vary extensively. It added that limited or unsuccessful reforms would result in lower growth prospects. It warned that the outcome of such developments would be transmitted to the global economy through the oil market. Further, it said that the ongoing fiscal crisis in the Eurozone constitutes an external risk for the region as it would lead to lower exports and related impact on growth prospects in Maghreb economies. It added that the hardening of risk perceptions in the region due to safety concerns could prevent the flow of tourist arrivals from Western Europe for an extended period of time.

Source: World Bank

SYRIA

Growth forecast revised downward to 1.1%, fiscal deficit to widen to 7.7% of GDP in 2011

The Economist Intelligence Unit reduced its forecast of real GDP growth in Syria to 1.1% in 2011 from an earlier forecast of 3%, adding that any growth will be driven primarily by increased government spending and oil exports. It expected political instability to deter foreign investment in most sectors, except in oil and gas, foreign and anticipated the tourism sector to be severely affected by the ongoing unrest. It said business activity will be curtailed by disruptions caused by the unrest, while the uncertainty will also limit the growth of private consumption despite the recently announced public-sector pay raises. It estimated average inflation to rise to 8.5% in 2011, driven by a rise global commodity prices and the growth in domestic liquidity from the raise in state employees' salaries and pledged tax cuts. The EIU noted that the recent policy of gradually liberalizing and reforming Syria's centrally-planned economy appears to have stalled in the wake of the political turmoil. It added that the unrest halted many of the ongoing reforms and diversification efforts away from oil, mainly the offering of infrastructure projects to private companies and expanding the Damascus Securities Exchange.

In parallel, the EIU revised upwards its forecast for the budget deficit to 7.7% of GDP in 2011 from an earlier forecast of 6.9% of GDP. It attributed the deficit widening to new spending commitments, including an increase in oil subsidies to 25%, and

revenue losses from the postponement of the auction of a third mobile-phone license. It expected the deficit to further widen to 8.5% of GDP in 2012 from continued strong growth in government spending and lower oil revenues. It said the ongoing unrest prompted an unexpected 15% black-market devaluation of the Syrian pound, but added that the market stabilized in line with the Central Bank of Syria rate. It expected the authorities to be able to defend the currency, as the CBS has an estimated \$17.4bn in foreign reserves, equivalent to 12 months worth of import cover.

Source: Economist Intelligence Unit

EGYPT

Financial support to reduce pressure on currency and reserves, fiscal deficit at 11% of GDP

Barclays Capital revised upwards its fiscal deficit forecast for Egypt to 10.8% of GDP in fiscal year 2010/11 due to weaker growth, higher spending, and lower revenues. It expected fiscal pressures to remain elevated in FY2011/12 due to the need to accommodate higher subsidies and higher wages, as well as announced increases in public investment and social spending. It also anticipated much larger debt servicing, given the concentrated short-term debt maturities that Egypt will need to rollover and the higher yields on short-term government securities. As such, it projected the overall deficit to widen to about 11.4% of GDP in the next fiscal year. As a result, it forecast the public debt to increase from 73% of GDP at end-June 2010 to 75% of GDP in June 2011 and 78% of GDP at end-June 2012.

Barclays estimated Egypt's gross fiscal financing needs at around EGP527.8bn until June 2012. It said EGP413.4bn consists of debt service repayment, of which EGP340.7bn is due next year and is mostly held by local banks. It assumed that banks would roll over all of their holdings of government paper; while foreign investors, who still hold around 9% of the outstanding stock, will roll over 75%. This would leave EGP219.6bn, or \$37bn, of the deficit that needs funding from domestic and external sources. It considered that relying on the banks would be an unsustainable approach, as it would lead to higher borrowing costs for the government; it would worsen the banks' liquidity position; and it would further expose the banks to sovereign risk.

In parallel, Barclays noted the need to roll over maturing external debt, despite the fact that the country's gross external debt stock is only 15.5% of GDP. It estimated that \$8.3bn in short-term debt and \$3.7bn in medium- and long-term debt matures over the next 14 months; resulting in about \$12bn of repayments on external debt in total. It said about \$8bn consists of government debt, with the remainder equally divided between corporate and bank debt. It noted that the response from multilateral institutions and the donor community to Egypt's request will help ease financing stress. It added that the disbursement of international pledges would help reduce depreciation pressure on the pound, lead to higher rollover ratios on the external debt, and slow the depletion of foreign reserves.

Source: Barclays Capital



ECONOMY & TRADE

SYRIA

Insurance premiums up 26% to \$94m in first quarter of 2011

Total insurance premiums generated in the Syrian market reached \$93.7m in the first quarter of 2011, constituting an increase of 26.4% from \$74.1bn in the same period of 2010. Premiums from third-party car insurance totaled \$31.7m and accounted for 34% of the total. They were followed by all-risk car insurance with premiums of \$18.2m, or 19.5% of the total; fire premiums with \$14.9m (16%), health insurance with \$14.8m (15.8%), marine with \$6.1m (6.6%), engineering with \$2.5m (2.6%), while other non-life categories accounted for the remaining 4.1% of the market. Health insurance premiums jumped by 312.4% year-on-year, fire grew by 19.2%, all-risk car insurance rose by 17.1%, engineering increased by 15.2%, marine premiums improved by 6% and third-party car insurance expanded 3.6% year-on-year. Premiums generated from life insurance jumped by 24.6% year-on-year to \$1.5m and accounted for 1.6% of total premiums. Insurance penetration remains very low, as aggregate premiums were equivalent to 0.7% of GDP and to \$18.1 per capita in 2010.

Source: Insurance Supervisory Commission, Byblos Research

EGYPT

IMF to extend \$3bn financing package

The International Monetary Fund announced that it has reached a draft agreement with the Egyptian authorities on a \$3bn, 12-month Stand-By Arrangement to support the country's economic program for fiscal year 2011-12. It said the SBA contains measures aimed at supporting economic recovery, maintaining macroeconomic stability, generating jobs and assisting low-income households. It added that the financing will help Egypt lay the foundation for a more-inclusive economic program, ensure that sufficient domestic resources remain available for credit to the private sector, help reduce borrowing costs, and lengthen the profile of the public debt. The program also includes monetary and exchange rate policies aimed at preserving a comfortable level of reserves. It also covers policies aimed to preserve the strength of the banking system and safeguarding domestic financial stability, as well as measures to raise transparency and create a more competitive business environment, with a particular focus on supporting small- and medium-sized enterprises. The World Bank has pledged \$4.5bn to support Egypt over the next two years to address budget and reserve shortfalls and to finance reforms that strengthen its credit and investment prospects. In recent weeks, Saudi Arabia, Qatar and the United States have also promised large amounts of assistance to the country.

Source: The International Monetary Fund

ANGOLA

Sovereign ratings upgraded, outlook stable

Moody's Investors Service upgraded Angola's foreign and local currency government bond ratings to 'Ba3' from 'B1' and assigned a 'stable' outlook to the ratings. It also upgraded the country's foreign currency ceilings for bonds and deposits to 'Ba1' from 'Ba3' and to 'B1' from 'B2', respectively. It attributed the upgrades to the improvement in the country's fiscal and

external metrics on the back of the recovery in oil prices. It said that the fiscal and external balances posted surpluses in 2010 relative to deficits of 10% of GDP in 2009, and expected them to post surpluses over the next two years. It also expected Angola's balance sheet to improve substantially and anticipated that the country could become a net creditor through the next 12 months. Further, it attributed the upgrades to the implementation of the IMF-backed structural reforms that restored macroeconomic stability. It said that the successful implementation of such reforms will improve Angola's institutional strength as well as reduce the vulnerability of its economy and public finances to oil prices volatility. It added that the upgrades reflect the clearing of the country's arrears that were accumulated during the early stage of the global crisis. It noted, however, that Angola faces the challenges of high structural inflation, an uncompetitive non-oil economy, weak governance, and the rebuilding of its infrastructure.

Source: Moody's Investors Service

DEM REP CONGO

FDI up 49% to \$963m in 2010

Figures issued by the Banque Centrale du Congo (BCC) indicate that foreign direct investment in the Democratic Republic of Congo totaled \$934m in 2010, constituting an increase of 48.8% from \$629m in 2009 and relative to \$1.7bn in 2008 and \$1.8bn in 2007. FDI was equivalent to 7.4% of GDP last year. The figures are based on funds reported to the BCC from actual investment projects underway, but may not capture all FDI flowing in the DRC, so actual FDI figures are higher. In parallel, the National Agency for Investment Promotion (ANAPI) shows that investment projects it has approved totaled \$3.6bn in 2010, up from \$2.6bn in 2009, \$2.1bn in 2009 and \$867m in 2008. Infrastructure projects represented 56% of the total, followed by manufacturing with 17.1%, services with 14.2%, agriculture with 9% and food with 3.8%. The value of approved infrastructure projects jumped by 663% year-on-year to \$2bn in 2010, FDI in manufacturing improved by 87% to \$618m, services contracted by 7% to \$512m, agriculture & forestry rose by 708% to \$323m, and projects in the food sector declined by 3% to \$139m.

Source: U.S. Department of Commerce

ARMENIA

Annual inflation at 9% in May

Armenia's inflation rate reached 9% in May on an annual basis and 5% from end-2010, but remained unchanged month-on-month. Inflation was driven by a rise in food prices that grew by 16.2% from May 2010 and by 8% from end-December, which led to a 12% annual rise in overall consumer goods prices. However, food prices remained unchanged from April 2011, which led to a marginal month-on-month increase of 0.1% in overall consumer goods prices. In comparison, prices of alcoholic beverages and tobacco increased by 0.4% annually but remained unchanged from April, while non-food prices grew by 2.4% year-on-year and by 0.5% monthly. Further, service prices posted a 2.5% annual growth in May and decreased by a marginal 0.1% from the preceding month. The government has targeted inflation at 4%, with an upward or downward margin of 1.5% for 2011.

Source: National Statistical Service

BANKING

EMERGING MARKETS

Effects of rapid lending growth have yet to materialize

Fitch Ratings indicated that the rapid credit growth in emerging markets that started in the second half of 2010 and has continued in the first quarter of this year has pushed regulators to moderate this growth in part through reserve requirements and other regulatory measures, given the concerns about the potential impact of interest rates hikes on capital flows and exchange rates. It noted that these measures have yielded limited signs of a slowdown so far and that it remains to be seen if the adopted policy mixes will lead to more balanced growth in the second half of 2011. It said that risks from credit growth are mainly pronounced in China given the high level of credit-to-GDP ratio, weaknesses in loan underwriting and tight capital ratios. It added, however, that leverage is still moderate in most growth markets, and that risks are mitigated by still low to moderate loans-to-GDP ratios, healthy lending margins and solid or high economic growth. It added that the capitalization levels of banking systems are generally adequate and the loans-to-deposits ratios are mostly below 100%. It noted that none of the growth markets saw a significant increase in NPL ratios in 2010, which reflects denominator effects, relatively unseasoned loan books, and economic growth. It expected asset quality ratios in Central & Eastern Europe and in the Commonwealth of Independent States to stabilize or at least to deteriorate less rapidly, as the benefits of economic growth feed through. It also estimated that CEE & CIS banks still need to address high absolute NPL levels. Further, it said that banks in the GCC countries will be bale to manage the negative impact of the political instability in the MENA region.

Source: Fitch Ratings

GCC

Banks on the way to recovery

Standard & Poor's indicated that financial metrics of banks operating in the Gulf Cooperation Council (GCC) countries show resilience and signs of a gradual improvement. It said that the level of reported NPLs at GCC banks diverged in 2010, ranging from 1.5% of customer loans in Qatar to 8.1% in Kuwait. It noted that banking systems in Oman, Qatar and Saudi Arabia are moderately leveraged, with domestic credit to private sector and non-financial private enterprises accounting for less than 60% of GDP at end-2010. In comparison, banks in Bahrain, Kuwait and the UAE are more stretched with private sector lending exceeding 70% of GDP at end-2010. Further, it expected funding conditions to remain tough through 2011, except for banks with significant government ownership and with good prospects for deposit growth, mainly in Qatar and Oman. It considered that chances are limited for high deposit growth in the GCC, given that wealth formation in the UAE, Saudi Arabia and Kuwait have not recovered yet from the global financial crisis. It expected, however, that deposit growth in Qatar and Oman to surpass other markets, and that credit demand to remain high this year due to strong economic growth. S&P anticipated a temporary squeeze in margins at GCC banks due to maturity mismatches, as global funding cost starts to rise.

S&P also expected an increase in banks' profitability once operating conditions improve enough to drive lending volumes, and once the need for additional provisions declines. It said that expenses will remain controlled and aligned with growth revenues, except for banks that are planning to expand or invest in human and physical capital. As such, the agency expected the financial profile of banks operating in the GCC to remain stable or to improve at a slow pace given the sluggish loan growth and tough funding conditions. In parallel, it said most banks in the GCC will remain unaffected by the political turmoil in the MENA region due to limited operations and exposures in unstable countries.

Source: Standard & Poor's

UAE

Loans and deposits post modest increases in first 4 months of 2011

Figures issued by the UAE Central Bank show that total assets reached AED 1,695bn at the end of April, unchanged from March, but constituting an increase of 5.6% from end-2010. Lending reached AED 1,054bn, up by 0.6% month-on-month and by 2.2% from the end-2010. Also, loan provisioning reached AED 60bn constituting an increase of 5.5% from end-2010 and of 21% year-on-year; with specific provisions almost flat at AED 46.5bn and general provisions up by 4.7% month-on-month to AED 13.4bn. In parallel, customer deposits totaled AED 1,128bn, increasing by 2.1% from end-March and by 7.5% from the end of 2010. The loans-to-deposits ratio was 93.4% at end-April relative to 94.8% at the end of March and 98.3% at the end of 2010, reflecting strong deposit growth.

Source: Shuaa Capital

GHANA

IMF calls for additional banking sector reforms

The International Monetary Fund indicated that banks in Ghana are profitable, liquid and well capitalized. It welcomed the steps taken by the authorities to address stability risks in the banking sector that were identified by the recent Financial Stability Assessment Program Update. It said that authorities took steps to address immediate vulnerabilities in the banking system, and encouraged further progress to resolve vulnerable institutions. It also stressed on the need to take stronger measures to address the high level of non-performing loans, and to review the appropriate extent of state involvement in the banking industry. Further, the Fund noted the importance of strengthening risk management by banks, enhancing banking supervisory capacity, enforcing prudential regulations, and strengthening corporate governance, accounting standards, and creditor rights.

Source: International Monetary Fund



ENERGY / COMMODITIES

OPEC inaction pushes prices higher

OPEC left its output target unchanged in a meeting on June 7, while ICE Brent rose sharply on the news, reaching \$118 a barrel on June 9. This uptrend in prices is expected to remain only in the short-term. Also, U.S. crude rose 50 cents to \$101.2 a barrel on the same day. Actual OPEC output is already significantly higher than the current 24.8 million barrels per day target and Saudi Arabia, which effectively holds all the spare capacity, remains committed to increasing supply. The International Energy Agency and OPEC agreed that output will need to rise in the second half of 2011, as the call for OPEC crude to balance the market is set to rise significantly. Estimates of the increase in supply in the third quarter of 2011 over the second quarter range from 0.8 million barrels per day to 2 million barrels per day. ICE Brent prices are expected to average \$115 per barrel in the third quarter and \$110 per barrel in the fourth quarter of 2011, as risk premium gradually declines with a tightening physical market.

Source: Standard Chartered, Thomson Reuters

Iran plans to export 1.5 million liters of diesel and petrol to Armenia

Iran plans to export 750,000 liters of gasoline and 750,000 liters of diesel daily to Armenia. The fuel will be delivered through the Tabriz-Yeraskh pipeline, which will have a capacity of 750,000 liters of gasoline and 750,000 liters of diesel. Construction of the pipeline is estimated to cost around \$100m, while current needs of the country in fuel are nearly 400,000 tons annually.

Source: Arminfo Daily News

Saudi Arabia increases oil supply

Saudi Arabia plans to lift oil output sharply in June to reduce high fuel prices regardless of OPEC's policy. It plans to pump another 500,000 barrels a day to reach a production of at least 9.5 million billion barrels per day. The Kingdom earned the support of its Gulf Arab allies, Kuwait and the United Arab Emirates, in raising output with or without OPEC's approval, as Brent crude reached \$117 a barrel on June 7th. Saudi Arabia has the highest oil reserves in the world with 265 billion barrels or 25.8% of total OPEC reserves.

Source: Thomson Reuters, Standard Chartered

Sudan's oil output to reach 490,000 bpd by 2012

Sudan's oil output is expected to reach 490,000 barrels per day by 2012, up from the current level of 470,000 barrels per day. North Sudan, which currently depends on oil revenues for around 45% of its budget, is expected to continue benefiting from using its pipeline infrastructure and refineries to export South Sudan's oil after the South's secession. Oil output in the North is expected to reach 195,000 barrels per day by the end of 2012.

Source: Sudan Tribune

Base metals: Lead and zinc on the rise due to developments in China

Base metal prices declined this week following a strong bounce last week, as poor economic data weighed on sentiment and raised doubts about the outlook. Particularly, U.S. non-farm payrolls came in much lower than market consensus and the ISM manufacturing index dropped sharply. However, a weaker U.S. dollar and continued worries about power shortages in China helped to offset the bullish impact of week macroeconomic data. Also, China's car sales increased 30% year-on-year in May, despite significant falls due to problems at Japanese auto makers. This boosted demand for aluminum and lead in particular. Aluminum and lead prices declined 0.1%, while zinc prices rose 0.4% week-on-week. Other base metals fell more significantly, with copper down 1% week-on-week and tin down 6.3% week-on-week. Further, LME three-month prices of lead and zinc are currently up 11% month-on-month and 6% month-on-month, respectively. Meanwhile, zinc prices increased due to power shortages in China.

Source: Standard Chartered

Precious metals: Gold outperforms silver, palladium rallies

Gold outperformed silver as prices increased 0.7% week-on-week, while silver prices fell by 4.1% week-on-week, with a 3% drop in the U.S.-Euro ratio providing support to the whole complex. Increased worries about the global economic outlook and falling equity prices helped gold in particular. Also, palladium managed to continue its recent strong rise and is currently up 2% week-on-week and 10% month-on-month. Platinum, on the other hand, fell by 0.7% week-on-week.

Silver prices remained under downward pressure, as the investor sell-off continues. Silver holdings by major physical ETFs dropped 10.4% from the start of May and net speculative positions on U.S. exchanges declined by 36% in the same period. The gold-to-silver ratio currently stands at 42 relative to the 10-year average of 62. Palladium prices rallied due to significant investor ETF selling and rose above \$800 an ounce at the start of this week. Also, low shipments of Russian palladium to Switzerland is helping to drive the rise in prices.

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+	Ba3	BB-	-	B	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
	Stable	Stable	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	BBa1	A-	BBB+	BBB	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
	Negative	Negative	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	14-Jun-11
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	31-May-11	No change	19-Jul-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	3.00	01-Jun-11	Raise 25bps	13-Jul-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	25-May-11	No change	23-Jun-11
South Africa	Repo rate	5.50	12-May-11	No change	21-Jul-11
Kenya	Central Bank Rate	6.25	31-May-11	Raise 25 bps	Jul-11
Nigeria	Monetary Policy Rate	8.00	25-May-11	Raise 50 bps	Jul-11
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	27-May-11	No change	08-Jul-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	0.22	01-June-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	8.25	03-May-11	Raise 25bps	N/A



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