



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global financial risks on the rise

The International Monetary Fund indicated that risks to global financial stability have increased, signaling a partial reversal in progress made over the past three years. It said the pace of the global economic recovery has slowed, stalling progress in balance sheet repair in many advanced economies. Further, sovereign stress in the euro area has spilled over to banking systems, pushing up credit and market risks. It noted that recent market turmoil suggests that investors are losing patience with the lack of momentum on financial repair and reform. The Fund said overall macroeconomic risks have increased, reflecting a significant rise in sovereign vulnerabilities in advanced economies. Also, market and liquidity risks have risen, partly as a result of increased macroeconomic and sovereign risks. Further, credit risks have increased as sovereign strains have spilled over to the banking system in the euro area. In parallel, it noted that emerging markets risks have increased, as rapid domestic credit growth, balance sheet re-leveraging, and rising asset prices may ultimately lead to deteriorating banks' asset quality as the credit cycle matures. It added that emerging markets remain vulnerable to external shocks, given that a sudden stop of capital flows, along with a rise in funding costs and a fall in global growth, could strain capitalization in emerging market banks.

Source: *International Monetary Fund*

Non-cash payment transactions up 5% to \$260bn

The global volume of non-cash payments transactions, using direct debits, credit transfers, cards and checks reached \$260bn in 2009, constituting an increase of 5% from the previous year. The global use of such instruments grew at a compound annual growth rate (CAGR) of 6.8% during 2001-09 compared to the pre-crisis growth rate of 7.2% in the 2001-07 period. North America accounted for \$114bn of the total, followed by the Eurozone with \$78bn, Brazil, Russia, India and China with \$25bn, Mature Asia-Pacific with \$24bn, Central Europe, the Middle East & Africa (CEMEA) with \$7bn, Rest of Asia with \$5bn and Latin America with \$6bn. Mature economies accounted for 83% of the total and developing economies represented the remaining 17%. In parallel, non-cash payment transactions in the CEMEA region grew by a CAGR of 31.8% during the 2001-09 period, followed by Latin America with 17.5%, Mature Asia-Pacific with 15.5%, the Rest of Asia with 15.4%, the BRIC economies with 12.4%, the Eurozone with 5.5%, and North America with 4.4%. Further, non-cash payment transactions are estimated to have expanded by 7.8% to \$280.3bn in 2010, with growth in developing economies at 21% and in mature markets at 6%.

Source: *Capgemini, Royal Bank of Scotland, European Financial Management & Marketing Association*

MENA

Region's creditworthiness declines

Institutional Investor magazine's semi-annual survey on global creditworthiness shows that creditworthiness in the Arab region declined in the past 6 months. The average rating score of 19 Arab countries reached 45.6 points in September 2011, down 7.2% from 49.1 points in March 2011 and 8% from 49.6 points in September 2010. The region's average score came marginally below the global average of 45.9 point. The rankings of 4 Arab countries improved, 8 regressed and 7 remained unchanged; while the scores of 3 countries improved and 16 declined from March 2011. *Institutional Investor* said that credit ratings in the Middle East & North Africa regressed significantly due to the political uprisings across the region. Qatar is the country with the best creditworthiness in the region and ranked in 25th place worldwide, while Sudan has the highest probability of default in the Arab world and came in 174th place globally. Libya posted the steepest decline in the ratings and one of the largest six-month declines in the survey's history, as its score dropped by 23.1 points and its rank by 48 spots from the previous survey. The region's best performers in the past six months were Sudan and Mauritania, as Sudan's score rose by 1.9 points and Mauritania's rank improved by 8 spots. Norway remained the country with the best creditworthiness in the world while North Korea had the highest probability of default worldwide.

Source: *Institutional Investor, Byblos Research*

Region makes progress in closing digital gap

The International Telecommunication Union's 2011 ICT Development Index shows that the level of information & communication technology (ICT) improved in Arab countries, as the region's average score reached 3.7 points, increasing by 17.3% year-on-year. But the region's level of ICT development remains below the global average of 4.1 points. The index tracks the digital divide in countries and measures their progress towards becoming information societies on the basis of ICT access, usage and skills. Globally, the rankings of 6 Arab countries increased, 5 regressed and 4 were unchanged; while the scores of all Arab countries improved year-on-year. The UAE remains the most ICT-developed Arab country and ranked in 32nd place in the world, while Mauritania is the least ICT-developed country in the Arab world and came in 131st place. Morocco's rank rose by 10 spots, posting the highest increase in the region's rankings, while Mauritania and Djibouti posted the steepest declines in the rankings, dropping by 5 spots each. Saudi Arabia's score rose by 31.2%, constituting the biggest jump in the scores of Arab countries, while Mauritania registered the lowest increase in the regional scores.

Source: *International Telecommunication Union, Byblos Research*

OUTLOOK

MENA

Growth forecast at 4% in 2011, risks include persistent political unrest and lower commodity prices

The International Monetary Fund projected real GDP growth in the Middle East & North Africa region at 4% in 2011 and 3.6% in 2012, down from a June forecast of 4.2% and 4.4%, respectively, and compared to growth of 4.4% in 2010. It also forecast growth in oil exporting countries at 4.9% this year and 3.9% next year, and expected oil-importing economies to expand by 1.4% in 2011 and 2.6% in 2012, down from 4.5% in 2010. The Fund said that economic activity is slowing, with output moving away from its potential; while high unemployment, growing social unrest, and rising food prices are dampening growth prospects, especially in oil-importing economies.

The Fund said the region's short-term outlook is subject to unusual uncertainties, due mainly to the evolving political and security situation in some MENA economies, as well as to growing uncertainty about external demand. It said most risks are related to continued domestic instability, compounded by intra-regional contagion. It noted that the political turmoil has seen risk premiums rise and private financing and tourism receipts fall throughout the region, not just in economies directly affected by the turmoil. It warned that any intensification of the political crises would exacerbate the economic problems of the region. It noted that external risks relate to the unfolding weaker outlook in the United States and Europe, which could sharply reduce commodity prices or further reduce external financing flows to the region.

It forecast inflation at 10% in 2011 and 7.6% in 2012, relative to 6.9% last year, with inflation at 10.8% in oil exporters and at 7.6% for oil-importing economies this year. It projected the region's current account surplus at 11.2% of GDP in 2011 and 9% of GDP in 2012, driven in part by high oil prices. It forecast the current account balance of oil exporters to post a surplus of 15% of GDP and that of oil importers to register a deficit of 4.8% of GDP this year.

Source: International Monetary Fund

TUNISIA

Economy to contract by 2% in 2011, foreign assistance is key to reduce fiscal vulnerabilities

The Institute of International Finance projected real GDP in Tunisia to contract by 2% in 2011 compared to growth of 3.4% in 2010. It expected non-agricultural output to contract by 3.1% and for the agricultural economy to grow by 8% this year. It forecast real GDP to grow by 4.6% in 2012 assuming a smooth political transition after the October elections and adequate external financial support. It warned, however, that further delays in the disbursement of international assistance could complicate the transition process. It said that the Banque Centrale De Tunisie managed to keep the local currency stable during and after the unrest, while inflation remained under control. It forecast the average inflation rate at 3.2% in 2011 and 3.8% in 2012.

Further, it expected non-performing loans (NPLs) to increase to 15% of total loans in 2011 compared to an estimated 12.1% in 2010. It attributed the increase to the economic contraction and to the failure of some large businesses owned by the family and close associates of the former president, as the latter hold collectively about 7% of the aggregate banking sector's loans. As such, it noted that domestic creditors and investors suffered large losses with adverse impacts on banks and, to some extent, on public finances.

In parallel, the IIF expected the fiscal deficit to widen to 4.5% of GDP in 2011 from 1.4% of GDP in 2010 due to weaker tax revenues and to pressures to increase government spending. It noted that a significant portion of the deficit needs to be financed by borrowing from multilateral and bilateral sources at concessional terms. Further, it projected the current account deficit to widen to 6.7% of GDP this year relative to 4.7% of GDP last year. It added that the capital account surplus narrowed significantly, mainly due to the sharp fall in FDI. As such, it forecast official reserves to decrease to \$8bn by end-2011, or 3.4 months of import cover, in the absence of significant foreign financing.

Source: Institute of International Finance

EGYPT

Return to high growth rates faces several challenges

Deutsche Bank indicated that Egypt faces a number of challenges to return to the high growth rates of 5% to 6% posted prior to the political changes of early 2011. It considered the most important challenge to be the emergence from the upcoming elections of a stable government that is capable of presenting and implementing a coherent macroeconomic framework in coordination with multilateral institutions. It said that forming an appropriate government has become all the more important in light of the growing concerns over the pace of the global recovery, ongoing regional instability, and projected external financing needs in the absence of significant private sector inflows.

Further, Deutsche Bank expressed concerns over the potential gaps in external and budgetary financing. It estimated the potential external financing gap at near \$10bn for FY2011/12, as FDI inflows are declining and portfolio inflows are likely to remain subdued. It added that this could worsen if the transfer of previously-announced funds continues to be delayed and if the post-election government declines an IMF program. It highlighted the importance of an IMF program from a policy credibility perspective, as it would be a pull factor for funding from private sources. In parallel, it indicated that the budget deficit has widened and the government had to rely on funding from local sources, given the low appetite for government debt from non-residents. It warned from a potential liquidity shortage and from the crowding out of loans to the private sector as banks absorb more issuance of local government debt. It added that crowding out could be a significant drag on growth going forward, mainly in the absence of external budgetary support. It expected the current account deficit to widen with the normalization in economic activity and the lag in the recovery of tourism.

Source: Deutsche Bank



ECONOMY & TRADE

SYRIA

Unemployment rate at 9% in 2010, number of firms near 500,000

An official labor survey indicated that the unemployment rate in Syria stood at 9% in 2010 with unemployed Syrians accounting for 468,009 of the total labor force of 5.11 million in 2010. The Governorate of Suweida posted the highest unemployment rate at 18.3%, followed by Lattakia with 15.2% and Tartous with 13.3%; while Hama posted the lowest unemployment rate of 4.6%, followed by Aleppo with 5.2% and Raqqa with 6.3%. In parallel, figures released by the Ministry of Economy showed that the number of companies operating in Syria reached almost 500,000 at the end of July. The number of sole proprietorship companies was 403,656 at end-July, followed by private sector companies with 84,784, public sector companies with 199 and joint-sector companies with 21. Further, private sector companies included 2,962 limited liability companies and 302 private joint-stock companies at the end of July. The Parliament ratified the Company Law in 2008 and amended it earlier this year to ease the switch from family-owned structures companies to more advanced types. The amendments allowed the establishment of one-person limited liability firms, the transformation of state-owned entities into companies, the establishment of holding firms as limited liabilities, and the establishment of private shareholding companies.

Source: Syria Report

CÔTE D'IVOIRE

IMF to extend \$614m and World Bank to grant \$200m to support post-conflict recovery

The International Monetary Fund indicated that it has reached a staff-level agreement with Côte d'Ivoire on an economic framework through 2014 to be supported with about \$614m under the IMF's Extended Credit Facility. It said the main objective of the government's economic strategy is to rebuild the economy after years of internal crisis, weak investment, low growth and low employment. It noted that policy measures of the medium-term reform program include raising government revenues by expanding the tax base; strengthening public financial management; reforming the power sector; reforming the legal system, improving the business environment; as well as developing the financial sector. It indicated that the authorities need to focus on key reforms, mainly in the coffee/cocoa sector to reach the Completion Point under the Heavily Indebted Poor Countries Initiative. The IMF projected Côte d'Ivoire's real GDP to contract by 5.8% in 2011 but it noted that the post-conflict recovery has been faster than expected. It forecast the economy to grow by 8% to 9% in 2012, but for the current account to post a deficit for the first time in several years. In parallel, the World Bank approved a \$150m grant to provide budget support for Côte d'Ivoire as well as a \$50m grant to support youth employment. It said that the \$150m loan would help the new transitional government implement reforms in the cocoa, energy and finance sectors, as well as in public expenditures.

Source: International Monetary Fund, World Bank

ARMENIA

Economic competitiveness improves

The World Economic Forum's Global Competitiveness Index for 2011-12 ranked Armenia in 92nd place among 142 countries included on the index, up from the 98th place in the previous survey. It also ranked in 6th place among the 9 members of the Commonwealth of Independent States (CIS), up from 7th place in the previous survey. Globally, Armenia ranked ahead of Moldova and Egypt and came behind El Salvador and Greece. It received a score of 3.89 points, up from 3.76 points in the 2010-11 survey and compared to the global average of 4.2 points and the CIS average of 3.96 points. Armenia ranked in 94th place on the Basic Requirements Sub-Index, which covers institutions, infrastructure, macroeconomic stability and health & primary education. It also ranked in 91st place on the Efficiency Sub-Index that covers higher education, labor market efficiency, financial market development, and overall market efficiency; while it came in 110th place on the Innovation & Sophistication Sub-Index. The survey indicated that corruption is the most problematic factor for doing business in Armenia, followed by tax regulations, an inefficient government bureaucracy, tax rates, low access to finance, and inadequate supply of infrastructure and educated workforce.

Source: World Economic Forum

TURKEY

Sovereign ratings upgraded on deepening local capital markets

Standard & Poor's upgraded Turkey's local-currency sovereign ratings to 'BBB-/A-3' from 'BB+/B' and affirmed its foreign-currency sovereign ratings at 'BB/B' and transfer and convertibility assessment at 'BBB-'. It has a 'positive' outlook on the local- and foreign-currency long-term sovereign ratings. It attributed the upgrade to the continuing improvements in Turkey's financial sector and the deepening of the local markets. It noted that the government yield curve extends to 15 years and the average maturity of local currency government debt rose to 34 months in 2011 from 24 months in 2008. It expected the government to remain committed to stabilizing the net public debt-to-GDP ratio at around 35% by 2014 despite the economic slowdown. It projected the primary surplus to slightly exceed 1% of GDP in 2011 before deteriorating mildly by 2014. In parallel, S&P indicated that Turkey's external position constitutes the weakest element in its credit profile. It forecast current account deficit to exceed 40% of current account receipts (CARs) in 2011, and to be equivalent to 10% of GDP; and projected the financial sector's net external debt to rise to 42% of CARs at end-2011 from 8% of CARs at end-2008. It estimated Turkey's gross external financing needs at 145% of CARs and usable reserves in 2011, constituting one of the highest ratios for a rated sovereign. It considered that the heavy reliance on external savings exposes Turkey to domestic and external shocks.

Source: Standard & Poor's



BANKING

EMERGING MARKETS

Related-party lending is key structural weakness

Moody's Investors Service indicated that related-party lending of banks in the Commonwealth of Independent States (CIS) remains very high and constitutes a structural weakness for banks operating in these countries. It attributed the high level of such loans to weak corporate governance and risk management; weaknesses in regulation and supervision; and high risk appetite and low business diversification in the retail and small- and medium-sized enterprise segments. It added that related-party loans constitute an important driver for the high level of problem loans at CIS banks, as they accounted for 20% of problematic loans in the first half of 2011. It said that exposure to related-party lending decreased recently at banks operating in Russia, Kazakhstan, Ukraine and Armenia; while it increased at banks operating in Azerbaijan, Belarus and Uzbekistan. It noted that high credit risks from such exposures contributed to low bank ratings in the CIS region and was one of the key factors behind approximately half of the 23 bank defaults in the CIS during the global financial crisis. It said that the average level of related-party loans at CIS banks accounted for around 10% of gross loans and 50% of shareholders' equity at end-2010. It noted that the 2010 average level of related-party loans in the CIS was five-times higher than in Central & Eastern Europe and two-times higher than in the Middle-East.

Source: Moody's Investors Service

SYRIA

Private sector accounts for 49% of credits, private banks' lending rises 7% year-to-May

Figures released by the Central Bank of Syria indicate that total credits extended by banks operating in Syria reached SYP 1,329bn, or about \$28bn, at the end of May 2011, constituting an increase of 1.3% from SYP 1,312bn at end-2010 and a rise of 16.2% from end-May 2010. Credits in Syrian pounds accounted for 96% of the total, down from 97% a year earlier, and foreign currency loans accounted for the remaining 4%. Loans to the resident private sector accounted for 49.3% of total lending relative to 46.3% at end-May 2010, followed by credits to non-financial public enterprises with 43.6%, while the central government accounted for the remaining 7.1%. Households accounted for 73.4% of resident private sector lending, followed by businesses with 26.6%.

Further, the sectoral distribution of credit shows that wholesale & retail trade accounted for 47.8% of the total, excluding credit to the central government, followed by building & construction with 15.2%; agriculture with 11.3%; mining, manufacturing & utilities with 9.2%, while other activities accounted for the remaining 16.5%. Also, public commercial banks accounted for 76.9% of total lending at end-May 2011, down from 82.5% a year earlier, while private commercial banks accounted for 19.4% relative to 15% at end-May 2010 and private Islamic banks accounted for the remaining 3.8%. Guaranteed loans & advances accounted for 66.4% of private banks' lending, followed by personally secured credits & overdrafts with 19.4%, and discounts with 10.5%. Private commercial banks' lending rose by 6.6% from end-2010, while credits by state-owned

banks increased by 0.5% and Islamic banks' activity grew by 7.3% from end-2010.

Source: Central Bank of Syria, Byblos Research

SUDAN

Central Bank seeking Arab support to boost reserves

The Central Bank of Sudan (CBoS) asked Arab Central Banks to deposit funds at commercial banks and at the CBoS in order to support Sudan's foreign exchange reserves. It estimated Sudan's needs in foreign currency at around \$4bn this year. In parallel, the government announced that it will boost oil and gold production, which would become the primary source of foreign currency. It expected gold exports to generate revenues of up to \$3bn in 2012 and forecast oil production to reach 150,000 barrels per day next year. It estimated at \$1.5bn the amount of foreign aid needed to cover the budget deficit this year. The CBoS operates a managed float system, in which the it calculates an indicative rate based on previous day transactions and intervenes in the market to maintain the exchange rate close to what it considers to be a fair medium-term price and if quotes break away from a +/-3% corridor around that rate. Last year, the authorities announced a series of measures aimed at stabilizing the currency and containing the depletion of foreign currency reserves. They set a premium to the official exchange rate to close the gap with the black market rate, banned the imports of several items, and imposed restrictions on foreign transfers. The US dollar is trading at 3.9 to 4 Sudanese pounds on the black market, compared to the official rate of 3 pounds to the dollar.

Source: Thomson Reuters

NIGERIA

Central Bank to include Chinese currency in its foreign reserves

The Central Bank of Nigeria (CBN) announced that it has finalized arrangements to diversify its foreign currency reserves by including the Chinese Renminbi (RMB) to its existing currency mix. It said that it will eventually switch as much as 5% to 10% of its current foreign exchange reserves into the RMB. In parallel, Standard Chartered indicated that the conversion would reflect Nigeria's developing trade relationship, boost the returns that the country earns on its foreign currency reserves, and deepen economic co-operation between the two countries. It said that the CBN hinted at the possibility that Nigeria might invoice some of its oil exports in RMB, which might potentially pave the way for the trade settlement of other commodities in the Chinese currency. It noted, however, that the move remains largely symbolic at this stage given the lack of RMB convertibility and of RMB-denominated investable assets. But, it noted that this may constitute an important precursor to eventual foreign exchange reserves diversification by other African countries, as well as wider adoption of the RMB for trade settlement. The US dollar accounts for about 79% of the country's \$32bn foreign exchange reserves, with the Swiss franc, British pound and the euro representing the remaining 21%. It said that the CBN might reduce its holdings in euro to make way for the RMB.

Source: Central Bank of Nigeria, Standard Chartered



ENERGY / COMMODITIES

Oil prices decline \$4 on economic uncertainties and a stronger dollar

Oil prices fell by more than \$4 a barrel on September 22 due to global economic uncertainties and a rallying U.S. dollar. Investors worried about the U.S. Federal Reserve's statement that the world's largest oil consumer faced significant downside risks. Further, a slowdown in China and the worst euro zone private sector growth in over two years added to the bearish outlook for the global economy.

U.S. crude futures declined \$3.9 to \$82 a barrel on September 22, while Brent futures dropped \$3.8 to \$106.6 a barrel. The Energy Information Administration data indicated that crude inventories fell to the lowest level since January. Also, physical crude traders said earlier this week that spot Iranian crude oil destined for Europe has been sold out for October.

Source: Thomson Reuters

EU to ban investments in Syrian oil sector

The European Union is planning to impose a ban on investments in the Syrian oil sector on September 24 as part of its new sanctions against the country. The sanctions will be the seventh round of EU measures targeting the Syrian regime. The EU has banned the import of Syrian crude oil to the 27-member countries two weeks ago. There are currently about 24 international companies operating in the Syrian oil industry in exploration, production and related services. They include Royal Dutch Shell, Total E&P, Petro-Canada, INA Naftaplin, Gulfsands Petroleum, IPR, CNPC, Tatneft, Sinopec, Oil & Natural Gas Corporation, Kulczyk Oil Ventures, Maurel & Prom, Soyuzneftegaz, Schlumberger, Croscos and BGP.

Source: AFP, Syria Report

Iraq crude oil rises to 2.81 million barrels a day

Iraq's oil production rose to 2.81 million barrels a day, the highest level since the war in 2003, due to the ongoing licensing of oilfields. Oil output in Basra in the South reached 2.1 million b/d, while output in Kirkuk stood at 697,000 barrels a day. Iraq produced 2.75 million b/d of crude oil in July and exported 2.2 million b/d. Further, crude output is expected to rise to 3.3 million barrels a day and exports to 7 million b/d in 2012. Iraq signed 15 gas and oil licenses since 2003.

Source: Bloomberg

Saudi Arabia to invest \$63bn in its oil sector

Saudi Arabia plans to spend \$63bn in 62 projects by 2015 to boost its petrochemical industry and maintain its position as one of the world's top chemical producers. Also, 21% of the value of the projects is allocated to the execution stage while 33% is in the study phase and 18% is in the bidding stage. Further, the key challenges of the oil and gas sector in the Kingdom is the shortage of skilled labor and the scarcity of ethane.

Source: Emirates 24/7

Base metals: Prices pulled down as risk appetite fades

Base metal prices declined in the past week, as concerns about Europe and the global outlook weighed on risk appetite. Copper prices decreased the most given the wide gap between current prices and marginal production costs. Copper is currently down 4% week-on-week, while aluminum held up well and is down 1% week-on-week. Nickel and tin prices were down 1% and 4% week-on-week, respectively. Also, lead and zinc prices declined 3% and 4%, respectively. Physical premiums for base metals remained firm due to high demand, as the copper premium in Shanghai reached \$120 per ton at the start of this week, up \$15 per ton from the previous week. Similarly, premiums in Singapore rose to \$80 per ton this week.

Copper and lead LME stocks increased 1% and 4% month-on-month, respectively, but most other markets have seen draw-downs, with aluminum stocks down 2% month-on-month, nickel and zinc stocks down 5% and 4%, respectively, and tin stocks down 10% month-on-month.

Source: Standard Chartered

Precious metals: Prices down on Europe's concerns

Selling across the whole commodities complex increased in the past week, as the U.S. dollar strengthened and risk appetite faded. Greece remains under pressure to implement tough austerity measures to secure the bailout funds that are needed to prevent the country from defaulting on its debt. Also, a downgrade of Italy by Standard & Poor's added to the gloom at the start of this week.

Gold and silver prices declined 2% and 3% week-on-week, respectively. Also, platinum prices decreased 2% week-on-week, while palladium prices are down 1% week-on-week. Gold prices are expected to reach \$2,000 per ounce at some point this year. Bullish factors for gold in the first half of 2011 included a sharp drop in global scrap supply of 7% year-on-year, continued strength in the jewellery sector, and increased central bank buying of gold. However, the strong growth in mine supply of 5% annually in the first half of this year was a bearish factor for gold.

Source: Standard Chartered

Global Commodity Outlook			
(3-months LME, \$/ton)	2010	2011f	2012f
Aluminum	2,201	2,539	2,450
Copper	7,570	9,281	10,000
Lead	2,172	2,577	2,700
Nickel	21,913	24,551	23,000
Tin	20,448	28,168	30,000
Zinc	2,188	2,384	2,400
(Spot price, \$/ounce)			
Gold	1,227	1,643	1,900
Palladium	529	793	900
Platinum	1,613	1,832	2,050
Silver	20	38	41

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	BB-	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+	CCC	-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+	-	BB	-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	-	B	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	-	-	-	-	C	-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
	Negative	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	-	-	-	-	CCC	-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-	A	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	CCC	-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
	Negative	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	AA-	AA	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
Bulgaria	BBB Stable	Baa3 Stable	BBB- Stable	-	BB Stable	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
Kazakhstan	BBB Stable	Baa2 -	BBB- Stable	-	BB Stable	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
Romania	BB+ Stable	Baa3 -	BBB- Stable	BBB- Negative	BB Stable	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
Russia	BBB Stable	Baa1 Positive	BBB Stable	-	BBB Stable	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
Turkey	BB Positive	Ba2 Positive	BB+ Stable	BB Stable	B Stable	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
Ukraine	B+ Positive	B1 Positive	B Negative	-	CCC Positive	-5.5	39.2	79.0	164.9	35.9	330.0	-2.0	4.0

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	09-Aug-11	No change	20-Sep-11
Eurozone	Refi Rate	1.50	08-Sep-11	No change	06-Oct-11
UK	Bank Rate	0.50	08-Sep-11	No change	06-Oct-11
Japan	O/N Call Rate	0-0.10	07-Sep-11	No change	06-Oct-11
Australia	Cash Rate	4.75	06-Sep-11	No change	04-Oct-11
New Zealand	Cash Rate	2.50	15-Sep-11	No change	17-Oct-11
Switzerland	3 month Libor target	0.00	15-Sep-11	No change	15-Dec-11
Canada	Overnight rate	1.00	07-Sep-11	No change	25-Oct-11
Emerging Markets					
China	One-year lending rate	6.56	06-Jul-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	09-Aug-11	No change	20-Sep-11
Taiwan	Discount Rate	1.88	24-Jun-11	No change	29-Sep-11
South Korea	Base Rate	3.25	08-Sep-11	No change	13-Oct-11
Malaysia	O/N Policy Rate	3.00	08-Sep-11	No change	11-Nov-11
Thailand	1D Repo	3.50	24-Aug-11	Raise 25bps	19-Oct-11
India	Reverse repo rate	8.00	26-Jul-11	Raise 50bps	16-Sep-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	5.75	04-Aug-11	Cut 50 bps	20-Sep-11
South Africa	Repo rate	5.50	21-Jul-11	No change	22-Sep-11
Kenya	Central Bank Rate	7.00	14-Sep-11	Raise 75 bps	Nov-11
Nigeria	Monetary Policy Rate	8.75	26-Jul-11	Raise 75 bps	20-Sep-11
Ghana	Prime Rate	13.00	20-Sep-11	No change	Nov-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	26-Aug-11	No change	14-Oct-11
Brazil	Selic Rate	12.00	31-Aug-11	Cut 50bps	18-Oct-11
Armenia	Refi Rate	8.00	06-Sep-11	Cut 50bps	N/A
Romania	Policy Rate	6.25	01-Sep-11	No change	N/A
Bulgaria	Base Interest	0.18	01-Sep-11	No change	N/A
Kazakhstan	Refi Rate	7.50	01-Jul-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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