Issue 230
September 29, 2011

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global trade growth reduced to 5.8% for 2011

The World Trade Organization revised downward its projection for global trade volume growth to 5.8% in 2011 from its earlier forecast of 6.5%. It reduced its 2011 trade growth estimate in developed economies from 4.5% to 3.7%, and for developing economies and Commonwealth of Independent States from 9.5% to 8.5%. It attributed its downward revision to a slower than anticipated growth in trade in recent months and growing uncertainties about the global economy. It noted that developed economies have been hit by strong headwinds, including the lingering effects of the earthquake and tsunami in Japan, the prolonged budget impasse and credit downgrade in the U.S., and the ongoing euro area sovereign debt crisis. It indicated that disappointing output and employment data in advanced economies damaged business and consumer confidence and contributed to the recent turmoil in financial markets. It considered that the global economy may be at a turning point where growth could pick up if policy makers devise a solution to the debt crisis that would restore confidence in the financial system. But it warned that policy missteps could trigger wider instability along the lines of the crisis that followed the failure of Lehman Brothers in 2008. As such, it said that risks to the forecast remain firmly on the downside.
Source: World Trade Organization

Growing pessimism about Europe's debt crisis

Barclays Capital's Global Macro Survey shows that more than 60% of respondents consider that the European Financial Stability Facility (EFSF) will not be successful in solving the European debt crisis. Further, it said that the European crisis constitutes the biggest issue facing global markets, with 60% of equity investors citing a European banking crisis as the greatest threat to global equity markets in the last quarter of the year. It noted that the lack of clarity about the crisis' outlook constitutes one of the biggest concerns about Europe, as 24% of investors believe that the crisis will result in a break-up of the euro area, while 60% of respondents consider that a fiscal union will eventually take place. It indicated that 62% of respondents viewed a restructuring of Greek debt as positive for risky assets. It said that 33% of respondents consider that government bonds will be the best performing asset class in the quarter. Further, the survey showed that 70% of foreign exchange investors expect developments in Europe to be the most important drivers of currency markets. It noted that nearly 66% of foreign investors expect either 'low volatility' or 'safe haven' currencies to perform best, of which 40% consider 'low volatility' Asian currencies to be the strongest performing currency group. In parallel, Barclays said that emerging markets (EM) investors considered that a double-dip recession constitutes the biggest downside risks to their asset class in the fourth quarter, followed by the European debt crisis with 30% of responses compared to only 17% of responses last quarter.
Source: Barclays Capital

MENA

Country risk level declines in third quarter

Euromoney magazine's quarterly survey on global country risk shows that risks in the MENA region receded in the third quarter of the year. The average score of 20 MENA countries reached 47 points in September 2011, up 1.6% from 46.2 points in June 2011, but down 3.2% from 48.5 points in March 2011. Also, the average score of Arab countries reached 46.6 points in September 2011, up 6.2% from 43.9 points in June 2011 and 0.6% from 46.3 points in March 2011. The scores of 16 MENA countries improved, 3 regressed and one remained unchanged from June 2011; while the rankings of 11 country improved, 8 declined and one remained unchanged in the covered period. The region's Political Risks score was 12.27 points in September, down 0.4% from June 2011 and below the global average of 13.72 points; while the Economic Performance score declined 0.2% to 14.42 points, but remained favorable relative to the global average of 13.25 points. Further, the region's Credit Ratings averaged 3.46 points, down 11.3% from June 2011; while its score on Access to Bank Capital & Capital Markets averaged 4.79 points, up 33% from the previous quarter. Also, the region's score on Debt Indicators remained unchanged at 7.26 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

Net private capital inflows to decline by 36% to $46bn in 2011 on regional uncertainties

The Institute of International Finance expected total net private capital flows to the Middle East & Africa region to reach $46.2bn in 2011, constituting a decline of 36% from $72bn in 2010. It said the forecast reflects a downward revision of $5bn from an earlier projection due to the impact of political turmoil on capital flows in the region. But it expected inflows to pick up to $72bn in 2012, mainly due to the anticipated recovery of flows to Egypt, assuming that a relatively peaceful transition would pave the way for a gradual economic recovery. It expected net private capital flows to the region to account for 7.8% of total net private flows to emerging markets in 2011 compared to 7.2% last year. The IIF forecast net direct investment to marginally increase to $45bn in 2011 and $48.6bn in 2012 from $44.8bn in 2010. It estimated net portfolio investment outflows from the region at $2.6bn last year and expected outflows of $15.3bn in 2011 and $6.8bn in 2012. Also, it forecast net commercial bank lending to drop by 53.5% to $3.3bn this year and to slightly increase to $5.1bn in 2012. It estimated net non-bank private lending to regress to $17.6bn in 2011 from $23.8bn in 2010, before slightly improving to $17.7bn in 2012. It also projected net lending by official creditors at - $4.4bn this year compared to - $0.6bn last year, and to shift to $8.6bn in 2012.
Source: Institute of International Finance

OUTLOOK

EMERGING MARKETS

Net private capital inflows to increase by 4% to $1,053bn in 2011

The Institute of International Finance expected total net private capital flows to emerging markets to reach $1,053bn in 2011, up 4% from $1,009bn in 2010, and from a June forecast of $1,041bn. It expected emerging markets to continue to attract capital, given that the global economic worries remain concentrated in mature economies and that interest rates and bond yields in those economies have been cut significantly. It added that growth prospects in emerging markets and the likelihood of more relative shifts in sovereign ratings should also promote flows to emerging economies. It expected such flows to remain around the 2011 level next year. It attributed most of the $12bn upward revision of its earlier estimate for 2011 to expected additional gross inflows of $8bn to China this year. It added that it revised upwards its forecast for inflows to Emerging Europe by $7.7bn; to Emerging Asia by $7.6bn; and to Latin America by $2.1bn. In parallel, it revised downwards by $5bn its forecast for capital inflows to the Middle East & Africa in 2011.

The IIF forecast net direct investment to emerging economies to improve to $431bn in 2011 and $448bn in 2012 from $359bn in 2010, as strong growth provides increasing investment opportunities. It estimated net portfolio investment in emerging markets at $174bn last year and expected inflows to fall to $95bn in 2011 as current market turbulence will likely dampen portfolio equity flows, but it anticipated portfolio flows to pick up to $129bn in 2012. Also, it forecast net commercial bank lending to post net inflows of $198bn in 2011 and $215bn in 2012 relative to $162bn in 2010. It estimated net non-bank private lending to rebound to $329bn in 2011 from $313bn in 2010, before falling to $291bn in 2012. It also projected net lending by official creditors to decrease to $36bn this year from $69bn last year.

Source: Institute of International Finance

IRAQ

Financial sector reforms should focus on restructuring state-owned banks, improving financial infrastructure, and developing non-bank markets

The World Bank indicated that the financial sector in Iraq is underdeveloped, plays a limited role in financial intermediation, and needs urgent reforms. It said the banking sector is still by far the most important part of the Iraqi financial system, accounting for more than 75% of assets and is dominated by state banks. It added that non-bank financial institutions and markets are small and underdeveloped, but have the potential to provide access to sources of financing.

The World Bank encouraged authorities to address the role of state banks as a priority and to establish a level playing field for all banks. It said a crucial step is to clean up the balance sheet of the state-owned Rafidain Bank and Rasheed Bank. It considered that the best approach would be to transfer disputed assets and liabilities of the two banks to a newly created asset and liability management company to permit the slimmed-down banks to focus on moving forward with their operational restructuring. It noted that the restructuring should be carried out over the next two years. It added that the capital of the two banks should gradually be raised to the level prevailing for private banks by June 2013. In parallel, it encouraged authorities to reconsider more generally the role of state banks in the economy, with a view to eventual liberalization. It added that an immediate priority should be to announce the removal of all impediments for private banks in doing business with the government and state-owned enterprises.

Further, the World Bank said other financial markets are concentrated in the Iraqi Stock Exchange but capitalization is low, and few instruments are traded. It urged the government to conclude the long-running discussions about the permanent Securities Law, and to submit it Parliament for speedy passage. It also advised authorities to give the Insurance Diwan the resources it needs to regulate the insurance market. It added that the weak financial infrastructure needs to be strengthened over time in all areas, including credit registry, the collateral framework, judicial systems, and accounting and auditing skills.

Source: World Bank

NIGERIA

Non-oil growth and foreign reserves projections revised downward on policy uncertainties

Credit Suisse revised downward its projection of economic growth in Nigeria to 7.6% in 2011 from an earlier forecast of 8.1% and compared to growth of 7.5% in 2010. It said that the non-oil economy remained the main driver of GDP growth, but it expected a marginally weaker growth in real non-oil GDP of 8.5% in 2011 relative to a previous forecast of 9%. It said the outlook for policy and the economy is no longer as bright as that envisaged last June. It attributed the reduction in its growth forecast to slow policy implementation in some areas, to the lack of improvement in some macroeconomic indicators, deterioration in domestic security conditions, and to a change in the outlook for the global economy. It added that the development and implementation of structural reforms has been mixed, especially the continued delays in the adoption of the new Petroleum Industry Bill, and the uncertainty about the adjustment of electricity prices.

Credit Suisse considered that the budget can generate a surplus this year and next year, but noted that spending restraint might be slow to implement. It forecast budget surpluses of 1.6% of GDP for 2011 and 1.8% of GDP for 2012. It also projected the current account surplus at 18.1% of GDP in 2011 compared to 9.6% of GDP in 2010, supported by high oil prices and export volumes. It indicated that gross reserves posted modest growth this year, despite higher oil prices and increased oil production, constituting a concern for the Central Bank of Nigeria (CBN). It added that the demand for US dollars remain high, indicating an increased dollarization of the economy. As such, it revised downward its forecast for the CBN's gross foreign exchange reserve to $36bn at end-2011 from an earlier forecast of $42bn. In parallel, it said that domestic private credit growth has yet to recover significantly, despite positive interventions by the authorities in the banking sector over the past few years to reduce NPLs, recapitalize banks, and force consolidation.

Source: Credit Suisse

ECONOMY & TRADE

UAE

Abu Dhabi's ratings affirmed on sound sovereign balance sheet, outlook stable

Fitch Ratings affirmed Abu Dhabi's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'AA' with a 'stable' outlook. It also affirmed Abu Dhabi's short-term foreign currency IDR at 'F1+' and the Country Ceiling at 'AA+'. It attributed its decision to the continuing strength of Abu Dhabi's balance sheet, which reflects exceptional fiscal flexibility. It estimated the emirate's foreign assets, including equity investments, at about $300bn, with just $4bn of direct sovereign external debt. It also estimated Abu Dhabi's sovereign net foreign assets at 167% of GDP, the second highest such ratio in the world after Kuwait. It expected Abu Dhabi's gross sovereign financial assets to be 16% higher by the end of 2011 from their level at end-2007, driven by investment returns and overall fiscal surpluses. It noted that the budget strategy remains firmly focused on fiscal consolidation, with overall spending unchanged last year and expected to fall in 2011. It noted that some investment projects have been scaled back and others are under review. Further, it considered that the objective of diversifying the economy will likely take place at a more measured pace, leading to a slowdown in non-oil real GDP growth. It said that state-owned and government-related enterprises, banks, and other emirates remain potential contingent liabilities for Abu Dhabi. It noted that budget support for these entities exceeded 8% of GDP in 2010 and was about 10% of GDP in 2009, reflecting the potential cost of contingent liabilities. But it considered that such liabilities remain small compared with the emirate's sovereign assets.

Source: Fitch Ratings

SOUTH SUDAN

Inflation up 51% annually in August

Figures issued by the National Bureau of Statistics indicate that consumer prices in South Sudan increased by 57.1% in August 2011 from August 2010, and rose by 9% on a month-to-month basis. Prices of recreation & culture increased by 92.3% year-on-year, followed by alcoholic beverages & tobacco (+89%), furnishing & household equipment (+81.2%), food & non-alcoholic beverages (+64%), housing, water, electricity & gas (+37.4%), restaurants & hotels (+26.8%), transportation (+11%) and miscellaneous goods & services (+10.3%). The government attributed the high inflation to a shortage of finished goods in the market. It said that such goods were imported from the North but imports stopped when the North closed its borders in May. It expected prices to ease by December, as supplies would improve after the South signed a border agreement with Sudan to open 10 border crossings earlier this month. South Sudan declared its formal independence from the North on July 8 after it voted overwhelmingly for secession in a referendum held last January.

Source: National Bureau of Statistics, Sudan Tribune

ARMENIA

Economic conditions improve, reforms advance

The International Monetary Fund indicated that overall macroeconomic conditions in Armenia have improved and expected real GDP growth of 4.6% this year due to a rebound in the agricultural sector and dynamic activity in industry and services. It reduced its growth forecast to 4% in 2012 due to less supportive external conditions. It noted that inflation has significantly moderated, driven by falling global commodity prices and the agricultural rebound, and expected it to remain subdued in the rest of 2011 and in 2012. The Fund added that the fiscal balance continues to improve, and forecast the fiscal deficit to narrow to below 4% of GDP in 2011 relative to 5% of GDP in 2010, and to continue to narrow in 2012. However, it expected the government to create fiscal space to support private sector-led growth and reduce poverty through the implementation of a strong package to increase tax revenues. In parallel, it said that the Central Bank of Armenia (CBA) continues to show commitment to a flexible exchange rate and to the inflation targeting regime, and has limited its foreign exchange interventions in the market. It added that the CBA is improving its tools to monitor risks in the banking system. It noted that the structural agenda is progressing, with signs of improvement in the business environment, mainly in the area of inspection, competition legislation, business registration processes and VAT refunds.

Source: International Monetary Fund

GHANA

Sovereign ratings affirmed on improved macroeconomic stability

Fitch Ratings affirmed Ghana's long-term foreign and local currency Issuer Default Ratings (IDR) at 'B+' with a 'stable' outlook. It also affirmed Ghana's short-term foreign currency IDR at 'B' and Country Ceiling at 'B+'. It attributed its decision to improved macroeconomic stability and strong growth. It expected oil production, which will peak at 114,000 bpd this year and could reach 600,000 bpd by 2018, to drive economic growth to around 14% in 2011 and to help diversify the economy. It noted that the fiscal balance is improving and expected oil revenues to boost the current account balance by $3.5bn in 2011 and $4.1bn in 2013. Further, it indicated that the government's decision to fast track arrears repayments means that fiscal consolidation will be gradual, with the deficit falling to around 5% of GDP in 2011 from 6.6% in 2010. It said that structural reforms that reduced the chances of fiscal slippage have progressed but need to be completed. It noted that Ghana's fiscal track record is weak, and that containing spending in the lead to the 2012 elections will require strong political will. It considered that the halving of Ghana's debt level due to revision in GDP, and the start of a gradual fiscal consolidation this year mean that public finances are becoming less of a rating weakness. It expected the consolidation of arrears to slightly increase the public debt to 41% of GDP in 2011. It added that the currency has been stable since the fourth quarter of 2009 due to a substantial build-up of reserves in 2009-2010 supported by strong capital inflows.

Source: Fitch Ratings

BANKING

SYRIA

Ban on imports to save $6bn in foreign currency

The Central Bank of Syria (CBS) indicated that the government's decision to suspend the imports of products that are subject to tariffs of more than 5% will allow the country to save at least $6bn in foreign currency reserves. The CBS said the ban, which was announced last week, covers 25% of Syria's total import bill. It added that the measures will affect various products such as cars, furnishing, domestic appliances, clothes and some food items; but noted that the ban on car imports alone will save about $4.5bn in foreign currency. The ban will also cover products imported from countries that have free trade deals with Syria, namely 18 Arab countries and Turkey. The Economy Ministry said the measure excludes basic supplies that are not manufactured locally, foodstuffs, as well as raw materials. The CBS attributed the ban to the sanctions imposed by the international community on Syria, and said it constitutes a precautionary measure to protect the country's foreign currency reserves. It estimated Syria's current reserves to exceed $17bn and to cover 16 months of imports. However, figures published by the CBS show the net foreign assets of the Central Bank at $4.42bn and those of the state-owned Commercial Bank of Syria at $5.7bn at the end of May.

Source: Central Bank of Syria, AFP, Thomson Reuters, Syria Report

JORDAN

Banks under pressure from geopolitical risks and sluggish recovery

Moody's Investors Service indicated that banks operating in Jordan are facing a challenging and volatile operating environment, with geopolitical risks arising from unrest in neighboring countries. It said that the regional unrest is affecting the Jordanian economy, primarily through lower tourism revenues and reduced demand for real estate demand, while the sluggish global economic recovery continues to depress demand for Jordanian exports. It expected real GDP growth in Jordan to reach 3.3% and 3.9% in 2011 and 2012, respectively, slightly above 3.1% for 2010, but well below the 8.1% average annual growth rate of the 2004-08 period. It said that the challenging operating environment is exerting pressure on the banks' asset quality and profitability. It expected higher non-performing loans (NPLs) and high provisioning requirements to negatively impact profits for at least the next few quarters. It noted that the sector's NPLs doubled to 8.2% of gross loans by end-2010 from 4.2% at end-2008, despite banks' solid pre-provision earnings. Further, the agency said that the strength of the sector's shock-absorbing capacity constitutes a counterbalance to the expected weakening in asset quality. It added that the weighted average Tier One capital ratio of rated banks operating in Jordan stood at 16% at end-2010 but would decline to 9% under Moody's severe stress-test scenario. It noted that the sector maintains a stable deposit-funding base and healthy liquidity buffers. It said that the sector's liquid assets, including cash, deposits and reserves with the Central Bank of Jordan, and bank placements in local and foreign currencies, account for about 30% of total assets.

Source: Moody's Investors Service

EGYPT

Bank ratings affirmed, outlook negative on economic and political uncertainties

Capital Intelligence affirmed the long- and short-term foreign currency ratings at 'BB+/B' of National Bank of Egypt (NBE), Export Development Bank of Egypt (EDBE), Commercial International Bank (CIB), National Société Générale Bank (NSGB) and Arab International Bank (AIB). It also lowered EDBE's Financial Strength Rating to 'BB+' from 'BBB'- and affirmed that of NBE at 'BB+', CIB at 'A' and NSGB and AIB at 'BBB-' each. It has a 'negative' outlook on all the ratings. The agency said that the risks of a balance of payments and/or currency crisis, as well as ongoing political instability in Egypt, constitute the major constraints to the ratings. It expected the operating environment to remain challenging and for the economic contraction to lead to renewed growth in NPLs. It projected a decrease in operating and net profitability of all four banks, mainly due to higher impairment charges.

It said that NBE's ratings are supported by a much improved NPL ratio, and expectations of further capital support from the Egyptian government. Further, it attributed the downgrade of EDBE's rating to its weakening asset quality and uncertain economic outlook, despite higher capital adequacy and liquidity. It expected CIB's strong credit metrics to come under pressure due to the economic contraction. It indicated that NSGB has good asset quality and sound risk management sufficient to confront the current economic contraction. It added that AIB's ratings continue to be restrained by the deteriorating operating conditions, AIB's ongoing low profitability and concentration risks.

Source: Capital Intelligence

TURKEY

Banks' reliance on short-term external financing is key vulnerability

The International Monetary Fund indicated that the growing dependence of Turkey's banking sector on short-term external funding would likely spread liquidity shocks to the real economy. It said that greater recourse to short-term external financing to fund the recent credit boom constitutes a key vulnerability, given renewed funding strains in international markets. It encouraged authorities to take further steps to reduce the sector's structural maturity mismatch. It called for increasing longer-term funding, which would lengthen loan maturities, in order to reduce exposure to rollover risks that could force banks to reduce private sector credit in a downturn. It noted that differentiation of reserve requirements according to the maturity of liabilities has begun to extend the duration of deposits, while the Banking Regulation and Supervision Agency's (BRSA) new imposition of capital charges on large maturity mismatches should help to discourage duration gaps. It considered that introducing minimum liquidity ratios at the three-month horizon would also promote longer non-deposit funding.

Source: International Monetary Fund

ENERGY / COMMODITIES

Brent up to $104 a barrel as dollar weakens

Brent prices increased 34 cents to $104.2 a barrel on September 29, resulting in a decline of 9% month-on-month. This came amid a weakening dollar, and after an increase in U.S. crude stockpiles heightened concerns that demand may slow. Also, doubts over the euro zone rescue fund continued to weigh on confidence. U.S. crude prices gained 10 cents to $81.3 a barrel. However, U.S. crude futures fell about 15% in the third quarter of 2011, the highest drop since the last quarter of 2008. U.S. oil stocks increased 1.9 million barrels to 341 million barrels in the week to September 23, while U.S. oil imports rose 1.4 million barrels a day to 9.7 million barrels a day. Overall, Brent ICE futures decreased 6.4% month-on-month to $104 a barrel on September 29, while WTI NYMEX futures decreased by 4.9% to $81.8 per barrel.

Source: Thomson Reuters

IFC to support growth of Ghana's local businesses in the mining sector

The International Finance Corporation signed an agreement with Ghana's Chamber of Mines and the Ghanaian government's Minerals Commission to support the growth of businesses working in the mining industry. The agreement with public and private sector partners will design and implement a local supplier development program to build the expertise of local businesses working in the mining industry's supply chains. The IFC noted that the agreement will also promote Ghana as a leading African destination for mining investment.

Source: International Finance Corporation

Syria forced to cut oil production

Syrian authorities have reportedly requested foreign oil companies to cut their production levels, as excess of crude oil filled storage capacity. This came after the European Union (EU) imposed an embargo on Syrian oil exports. Syria has been attempting to sell its oil to nations outside the EU, but oil traders said that the country has been unable to attract buyers despite price discounts. Syria exported 150,000 barrels per day of crude in 2010, with Germany and Italy accounting for two-thirds of total exports.

Source: Financial Times

Abu Dhabi’s oil investment at $12bn in 2010

The total fixed capital formation in Abu Dhabi's hydrocarbon industry reached $11.9bn in 2010, up from $9.2bn in 2009 and $5bn in 2008. Investments in 2010 accounted for almost 24.6% of total fixed capital formation of $48.3bn. Abu Dhabi is the main oil producer in the United Arab Emirates, and aims to boost its crude output capacity above three million barrels per day in the next few years. The Emirate is expected to have injected $10bn into crude oil expansion projects by end-2011 from 2005, which target both its offshore and onshore areas.

Source: Emiartes 24/7

Base metals: Lower confidence on Europe's debt crisis, fundamentals remain firm

Prices of all base metals declined, with copper prices decreasing 14% week-on-week due to worries about an oncoming global slowdown. LME stocks rose month-on-month for copper and lead on September 27, but were down for other metals. Physical premiums for aluminum and copper are also increasing in China and Japan, the latter due to rising demand as the country rebuilds after the March earthquake.

In parallel, China's economy is forecast to grow at 9.3% in 2011 and 10% in 2012. Therefore, demand for metals is expected to remain firm since China is the source of more than 35% of demand for most metals. Further, demand for aluminum has been strong for most of 2011 due to its low price relative to copper and a high cost base relative to prices. Aluminum consumption increased 10% in the first seven months of 2011, with China and the Middle East remaining the key drivers.

Source: Standard Chartered

Precious metals: Gold prices fall reflecting market correction

Gold prices fell by 15% from a peak of $1,900 per ounce on September 5 to $1,621 per ounce on September 29th. The recent fall in the price of gold is mainly due to the commodity being overbought. Also, gold price increases over the past three years have largely been driven by macroeconomic concerns and the metal's status as a store of value. Further, even at reduced prices, gold producers continue to display profitability levels which are high by historical standards.

Further, investors are still holding around 2,480 tons of gold in physically-backed exchange traded products, which is the highest in a month and 50 tons more than in early August. Overall, the price of gold decreased by 10.7% month-on-month to $1,621 per ounce on September 29, while the price of silver declined 25.1% to $30.8 an ounce. Palladium prices decreased by 17.6% to $624 per ounce on September 29 and platinum declined by 15.9% to $1,544 per ounce.

Source: Julius Baer, Fitch Ratings

Global Commodity Outlook

(3-months LME, $/ton)	2010	2011f	2012f
Aluminum	2,201	2,488	2,450
Copper	7,570	9,106	9,500
Lead	2,172	2,472	2,525
Nickel	21,913	23,883	23,000
Tin	20,448	26,917	27,000
Zinc	2,188	2,289	2,400
(Spot price, $/ounce)			
Gold	1,227	1,601	1,900
Palladium	529	765	900
Platinum	1,613	1,766	2,050
Silver	20	37	40

Source: Standard Chartered

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa													
Algeria	- -	- -	- -	- -	BB Stable	-9.9	16.1	2.9	7.4	2.0	3.2	3.4	1.8
Angola	BB- Stable	Ba3 Stable	BB- Stable	- -	B Negative	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
Egypt	BB Negative	Ba3 Negative	BB Negative	BB+ Negative	CCC Stable	-8.2	74.2	14.3	66.5	4.6	88.3	-2.0	3.3
Ethiopia	-	-	-	-	B Stable	-1.5	-	-	257.5	-	-	-3.9	0.3
Ghana	B Stable	- -	B+ Stable	- -	BB Positive	-10.8	-	34.9	50.0	-	-	-11.6	10.9
Ivory Coast	- -	- -	- -	- -	CCC Stable	-0.2	-	50.1	111.2	-	-	6.8	1.8
Libya	BB Negative	- -	B Stable	- -	B Stable	13.3	0	7.2	11.6	3.2	5.1	20.1	2.5
Mauritania	- -	- -	- -	- -	- -	-4.5	88.5	69.8	128.4	-	1,220	-7.6	-1.3
Morocco	BBB- Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-4.5	49.9	24.1	78.4	8.0	110.0	-5.3	0.9
Nigeria	B+ Stable	- -	BB- Negative	- -	B Stable	-7.9	14.1	5.0	14.2	0.7	-	13.0	0
Sudan	- -	- -	- -	- -	C Stable	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
Tunisia	BBB- Negative	Baa3 Negative	BBB- Negative	BBB Stable	B Stable	-2.8	43.0	46.3	101.0	11.7	195.2	-4.4	3.7
Middle East													
Bahrain	BBB Negative	BBa1 Negative	A- Negative	BBB+ Negative	BBB Stable	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	0.4	21.7	5.6	19.9	2.7	21.3	4.2	0.8
Iraq	- -	- -	- -	- -	CCC Stable	-14.2	42.2	41.8	65.4	-	75.3	-14.4	1.4
Jordan	BB Negative	Ba2 Negative	- -	BB Stable	B Stable	-6.3	63.0	19.2	44.8	4.8	48.6	-7.2	9.2
Kuwait	AA Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	17.1	6.5	46.2	72.2	3.7	224.0	30.1	-8.7
Lebanon	B Positive	B1	B Stable	B Stable	CCC Stable	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Negative	A2 -	- -	A Stable	A Stable	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	AA Stable	10.8	27.2	80.6	139.3	10.0	512.3	15.6	5.0
Saudi Arabia	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	BBB Stable	1.9	12.9	22.6	40.5	2.4	22.7	6.7	7.7
Syria	- -	- -	- -	BB- Stable	CCC Stable	-4.3	26.9	14.9	48.0	-	52.9	-3.9	2.7
UAE	- -	Aa2 -	- -	AA- Stable	BB Stable	-2.7	24.7	53.1	57.7	7.3	360.4	5.4	0.6
Yemen	- -	- -	- -	B- Negative	CC Stable	-5.5	45.8	21.4	70.5	-	139.6	-4.9	0.3

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-								
	-	-	Stable	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
Bulgaria	BBB	Baa3	BBB-	-	BB								
	Stable	Stable	Stable	-	Stable	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
Kazakhstan	BBB	Baa2	BBB-	-	BB								
	Stable	-	Stable	-	Stable	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
Romania	BB+	Baa3	BBB-	BBB-	BB								
	Stable	-	Stable	Negative	Stable	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
Russia	BBB	Baa1	BBB	-	BBB								
	Stable	Positive	Stable	-	Stable	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
Turkey	BB	Ba2	BB+	BB	B								
	Positive	Positive	Stable	Stable	Stable	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
Ukraine	B+	B1	B	-	CCC								
	Positive	Positive	Negative	-	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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.25	20-Sep-11	No change	02-Nov-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	20-Sep-11	No change	02-Nov-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	8.25	16-Sep-11	Raise 25bps	25-Oct-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	20-Sep-11	No change	Oct-11
South Africa	Repo rate	5.50	22-Sep-11	No change	10-Nov-11
Kenya	Central Bank Rate	7.00	14-Sep-11	Raise 75 bps	02-Nov-11
Nigeria	Monetary Policy Rate	9.25	20-Sep-11	Raise 50 bps	22-Nov-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	19-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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (961) 338 100
Fax: (961) 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON

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

SYRIA

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

IRAQ

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

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

UNITED ARAB EMIRATES

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

ARMENIA

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

CYPRUS

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

BELGIUM

Byblos Bank Europe S.A
European Head Office
10, Rue Montoyer
B-1000 Brussels - Belgium
Phone: (+32) 2 551 00 20
Fax: (+32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS - United Kingdom
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

FRANCE

Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
10-14 Bourdillon Road
Ikoyi, Lagos - Nigeria
Phone: (+ 234) 1 6653633
(+ 234) 1 8990799
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

DEMOCRATIC REPUBLIC OF CONGO

Byblos Bank RDC
4, Avenue du Marche
C/Gombe, Kinshasa, Democratic Republic of Congo
Phone: (+ 243) 817 070701
(+ 243) 991 009001
E-mail: melamm@byblosbank.com.lb

ADIR INSURANCE

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