

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Property investments to increase by 11% in 2015

Property consultant Cushman & Wakefield projected global commercial property investments at \$1,342bn in 2015, which would constitute an increase of 11% from \$1,211bn in 2014 and relative to a 6.3% drop last year. It attributed the decrease in global property investments last year to a drop in Chinese investments overseas. But it anticipated that an improved global economy and higher levels of liquidity in investment markets would create a favorable environment for real estate performance. It projected commercial property investments in Asia-Pacific to reach \$514.8bn in 2015 and to account for 38.4% of global investment, followed by North America with \$471.3bn (35.1%), Western Europe with \$317.5bn (23.7%), Central & Eastern Europe with \$24.4bn (1.8%), Latin America with \$8.2bn (0.6%), and the Middle East & Africa region with \$5.9bn (0.4%). It forecast investment volumes in commercial property to increase by 30% in Central & Eastern Europe this year and to post the highest regional increase, followed by Western Europe (+19%), North America (+15%), Latin America (+8%), the Middle East & Africa region (+6%) and Asia-Pacific (+2.5%). In parallel, it forecast average prime yields to fall by 28 basis points in 2015 compared to a drop of 8bps in 2014, and for prime rents to increase by 2.8% relative to a 1.6% rise in 2014.

Source: Cushman & Wakefield

MENA

Confidence in insurance markets remains strong

The MENA Insurance Barometer, a survey of 38 regional and international insurance companies and intermediaries, indicated that confidence in the future of the MENA insurance sector remains solid despite the strong competition in the global and regional insurance markets and the economic challenges from the drop in oil prices. The survey showed that 70% of respondents expect insurance premiums in the MENA region to expand faster than the region's GDP growth rate over the next 12 months. Insurers cited the region's robust GDP and insurance market growth as the most relevant strengths for their industry, followed by capital spending and low natural catastrophe exposure. Further, insurers identified personal lines as the region's key market opportunity, supported by population growth, favorable legislation and partially improving rates. Other market opportunities include planned infrastructure and construction projects, and low insurance penetration rates in the region. The survey anticipated that the drop in oil prices would not have a significant adverse impact on infrastructure and construction projects in Gulf countries over the next 12 months. In contrast, insurers cited the poor level of technical rates and profitability from strong competition as the most relevant weakness of the MENA insurance industry, followed by regulatory shortcomings and a low degree of insurance awareness. Also, insurers considered that economic risk is the most serious threat facing their industry, followed by political instability, and excessive competition.

Source: Qatar Financial Center

Sovereign borrowing from commercial sources at \$68bn in 2015

Standard & Poor's projected the aggregate long-term sovereign borrowing from commercial sources by the 12 rated countries in the Middle East & North Africa region at \$68bn in 2015, which would reflect a decrease of 5% from \$71bn in 2014. It attributed the drop to an expected decline in borrowing by the Egyptian government due to fiscal consolidation. Egypt would account for 40% of total commercial long-term borrowing in 2015 compared to 47% last year, followed by Morocco (23%), Lebanon (19%) and Jordan (11%). S&P said that \$53bn, or 78% of total sovereign borrowing, would refinance maturing long-term debt, which would result in net borrowing requirements of \$15bn in 2015. In parallel, S&P forecast the total sovereign commercial debt stock of the 12 countries at \$526bn at the end of 2015 relative to \$482bn at end-2014, including \$357bn in medium- and long-term debt and \$168bn in short-term debt. Egypt would account for the highest share of the commercial debt stock with 56.9%, followed by Lebanon (12.8%), Morocco (12.5%) and Qatar (4.7%). Further, gross long-term sovereign commercial borrowing would be equivalent to 3.6% of the aggregate GDP of the 12 economies at the end of 2015, while the total commercial debt stock would be equivalent to 28% of their GDP.

Source: Standard & Poor's

Diverging trends in sovereign creditworthiness due to lower oil prices

Moody's Investors Service anticipated sovereign credit trends in the Middle East & North Africa region to diverge in 2015, driven by the impact of lower global oil prices on fiscal balances, external current accounts and economic activity. It expected the positive sovereign credit momentum to accelerate among the five rated oil-importing economies, especially for Egypt and Tunisia. It anticipated that lower oil prices would support subsidy reforms, stabilize the public debt level and improve the external balances of most oil-importers. But it noted that low oil prices would have a limited impact on economic activity and on inflation rates in these countries. In parallel, Moody's expected the ratings of the six Gulf Cooperation Council economies to remain at investment-grade level this year, but it noted that the ratings on Oman and Bahrain would be under pressure. It said that lower oil prices would significantly affect GCC economies' fiscal and current account balances, with varying degrees of resilience to lower oil prices. It noted that Kuwait and Qatar are the most resilient GCC countries to lower oil prices, followed by Qatar and Saudi Arabia, and Oman and Bahrain. The agency considered that the impact of lower oil prices on economic activity in GCC countries would differ, as Kuwait and Qatar would have a stable or improving real GDP growth due to strong public finances and ongoing public projects. It noted that growth in Bahrain and Oman is contingent on their response to lower oil prices, while non-hydrocarbon growth in the UAE would suffer the most from lower GCC investment.

Source: Moody's Investors Service

OUTLOOK

WORLD

Unemployment is most important economic risk for 2015

A survey conducted by the World Economic Forum shows that 47.2% of participants anticipate that conflicts between countries would be the most important geopolitical risk in the coming 18 months, while 33.5% of participants forecast unemployment or underemployment as the most significant economic risk in the covered period. Also, the survey indicates that 23.3% of respondents said that profound social instability would be the most significant societal risk over the coming 18 months, while a similar share of participants expected cyber attacks to be the most important technological risk in the covered period. In addition, the survey showed that 21.5% of respondents believed that extreme weather events would be the most important environmental risk in the covered period. The survey covered 896 leaders from industry, government, academia and civil society from across the world, who were asked to review 28 global risks.

In parallel, respondents consider that disputes between countries, extreme weather events, failure of national governance, State collapse and high structural unemployment or underemployment constitute the top five global risks that would most likely materialize in the coming 10 years. Further, survey participants consider that unemployment or underemployment would continue to be the most significant economic risk and cyber attacks would remain the most important technological risk in the coming 10 years. In addition, the survey indicated that State collapse would be the main geopolitical risk, profound instability would be the most important societal risk and failure of climate change adaptation would become the most significant environmental risk.

Source: World Economic Forum

ARMENIA

Outlook deteriorates on weakening Russian economy

Merrill Lynch revised downward its forecast for Armenia's real GDP to a contraction of 2% in 2015 from a February forecast of no growth and relative to an estimated growth rate of 3.2% in 2014. It attributed the revision to a larger-than-expected macro-economic impact of the weak Russian economy on Armenia. It said that the severe economic downturn in Russia and the weak Russian ruble have created major pressures on Armenia, mainly through a 30% to 35% drop in remittance inflows and export receipts from Russia. It noted that these developments have significantly weighed on the Armenian dram and forced the Central Bank of Armenia (CBA) to sharply tighten monetary policy. It considered that monetary tightening has helped avert a broader economic and banking sector destabilization, given the highly dollarized economy. It noted that the CBA is willing to sacrifice growth for price stability through policy measures that would also limit the depletion of foreign currency reserves. It expected the dram to average AMD490 per US dollar in 2015 compared to an average of AMD416 per dollar in 2014, and to trade at AMD500 against the dollar at the end of 2015. It projected foreign currency reserves at \$1.35bn at the end of 2015 relative to \$1.48bn at end-2014.

In parallel, Merrill Lynch indicated that Armenia remains well funded from a highly diversified base of donors, international financial institutions and investors, as well as from the large Diaspora. It considered that these factors would support the sustainability of outstanding debt in foreign currency. It anticipated that a possible easing of fiscal policy constitutes the main domestic risk, as authorities would be inclined to increase spending in order to stimulate domestic activity. It added that Armenia is well-positioned to raise considerable resources to finance the additional expenditures over the coming two years. But it considered that increased public spending would compromise the currently positive track record of prudent fiscal policy and would complicate the country's long-term debt sustainability. It projected the external debt level to rise from 45.6% of GDP in 2014 to 49.5% of GDP in 2015.

Source: Merrill Lynch

NIGERIA

Outlook deteriorates on low oil prices

Credit Suisse projected Nigeria's current account balance to shift from a surplus of 1.1% of GDP in 2014 to a deficit of 2.5% of GDP in 2015, the first such deficit since 1998, due to weaker export receipts from lower global oil prices. It noted that the current account surplus has covered the deficit in the capital account since 2005, but it considered that this is unlikely to materialize this year. It expected the capital account balance to deteriorate in 2015 as net FDI and portfolio inflows slow down on heightened uncertainty about the domestic investment environment, the increase in U.S. interest rates and lower oil prices. As such, it expected Nigeria to draw down about \$20bn from its foreign currency reserves to cover the substantial balance of payments funding needs of \$16.9bn in 2015. As such, it projected Nigeria's foreign currency reserves at \$14.5bn at the end of 2015 relative to \$34.5bn at the end of 2014.

In parallel, Credit Suisse considered that lower cross-border capital flows, the expected increase in U.S. interest rates and a strong US dollar would weigh on the Nigerian naira. It forecast the naira to average NGN200 per US dollar in 2015 compared to an average of NGN165 per dollar in 2014, and to trade at NGN205 against the dollar at the end of 2015 relative to NGN183.5 per dollar at end-2014. It indicated that the Central Bank of Nigeria's (CBN) decision to abandon the Dutch auction system and to devalue the currency to the interbank rate of about NGN198 per dollar is a turning point for its currency management policy. It said that this would limit the potential for market collusion and speculation in the foreign exchange market, and would reduce the pressure on the CBN's foreign currency reserves through less market intervention.

Further, Credit Suisse anticipated that the inflation pass through from a weak naira would more than offset the impact of lower food prices. It forecast the inflation rate to average 8.9% in 2015 compared to an average rate of 8% in 2014. It anticipated that the Monetary Policy Committee (MPC) would increase the policy by at least 200 basis points to 15% this year. It expected the MPC to raise the policy rate by 100bps in May and by 50bps in each of July and September 2015.

Source: Credit Suisse



ECONOMY & TRADE

SYRIA

Total economic losses from conflict at \$203bn, equivalent to 383% of 2010 GDP

The Syrian Center for Policy Research estimated the total economic losses in Syria from the start of the conflict in March 2011 up until the end of 2014 at SYP5,627bn in constant 2000 prices, equivalent to 383% of the country's 2010 GDP. It noted that total economic losses in current prices amounted to \$202.6bn by the end of 2014. It said that output losses totaled \$119.7bn during the covered period and accounted for 59.1% of total economic losses, followed by losses from damaged capital stock with \$71.9bn (35.5%) and the increase in off-budget military spending with \$11bn (5.4%). It defined the rise in military expenditures as the reallocation of resources from productive processes to non-productive or even destructive aims. It estimated total economic losses at \$16.8bn in 2011, \$60.6bn in 2012, \$69.6bn in 2013 and at \$55.6bn in 2014. In parallel, it estimated Syria's real GDP to have contracted by 9.9% in 2014 following a contraction of 36.5% in 2013. It estimated GDP losses at SYP3,368bn in constant 2000 prices during the 2011-14 period, equivalent to 229% of Syria's 2010 GDP. It said that losses in the domestic trade segment accounted for 22.2% of total output loss during the covered period, followed by transport & communication (15.4%), mining (13.9%), government services (12.4%), manufacturing (10.9%), agricultural (10.3%), financial & real estate (6.1%), social services (3.9%), construction (2.8%) and utilities (2.6%).

Source: Syrian Center for Policy Research

IRAQ

Significant risks to fiscal outlook

Citigroup anticipated that Iraq's high potential for increased oil production and exports would gradually improve its fiscal and macroeconomic environment. However, it said that near-term risks exist and include the potential collapse of the oil deal between the Kurdistan Regional Government (KRG) and the Iraqi central government; a fall in oil exports and a worsening fiscal outlook. First, it pointed out that the collapse of the oil deal would lead to forgone fiscal revenues to the central government of about 2% of GDP, which would widen Iraq's fiscal deficit to 11% of GDP in 2015. In addition, it said that a breakdown of relations between the KRG and the central government could jeopardize the viability of the current government and its efforts to confront the Islamic State militants. Second, it noted that Iraq's oil exports fell from 2.9 million barrels per day in December 2014 to 2.5 million b/d in January 2015 due to a drop in exports from the south as a result of bad weather conditions. In addition, it indicated that oil buyers are refusing to load oil due to the poor quality of oil delivered to the Basra terminals. It attributed the quality issues to the lack of blending facilities at these terminals, adding that building the required infrastructure would require a long period of time. Third, it considered that the government is unlikely to achieve the 3.3 million b/d export target included in the 2015 budget and that oil prices could average below the \$56 p/b on which the budget is based. It noted that this would require further budget cuts and additional borrowing.

Source: Citigroup

QATAR

Fitch issues sovereign ratings

Fitch Ratings published Qatar's long-term foreign and local currency Issuer Default Ratings (IDRs) that it assessed at 'AA' with a 'stable' outlook. It also disclosed the 'F1+' short-term foreign currency IDR and the 'AA+' Country Ceiling. The agency said that Qatar's very strong external balance sheet is a key support to the ratings and provides a significant buffer to the fall in global oil prices. It noted that large current account surpluses, in excess of 20% of GDP in the past 15 years, have allowed Qatar to rapidly accumulate sovereign net foreign assets. It estimated the sovereign's net foreign assets at 130% of GDP at the end of 2014, the fourth highest among all Fitch-rated sovereigns. It expected the current account surplus to narrow to high single digits in 2015 and 2016 as a result of lower oil prices. Further, Fitch indicated that Qatar's net creditor position of 21% of GDP at end-2014 is below that of its peers, reflecting the debt of government-related enterprises (GREs) that it estimates at about 30% of GDP. It noted that the external debt level peaked at 88% of GDP in 2010 and expected it to decline in coming years as the government would repay all maturing debt and as borrowing by GREs faces greater oversight. Also, the agency anticipated that the fiscal surplus would shift to a deficit by FY2015/16, reflecting lower hydrocarbon revenues and high public spending. It said that authorities are committed to substantial infrastructure plans ahead of the 2022 World Cup, which would limit Qatar's fiscal flexibility compared to other GCC countries.

Source: Moody's Investors Service

GHANA

Significant challenges to meet fiscal targets

Information provider IHS Global Insight anticipated that Ghana would face multiple challenges that would undermine its commitments to fiscal consolidation under its agreement with the International Monetary Fund. It noted that challenges include the prevailing electricity crisis and the presidential election scheduled for 2016. First, it considered that the electricity crisis threatens to disrupt economic output, which would increase the risk of lower-than-expected tax revenues, social and political protests, as well as laying off workers and cutting production in industrial and mining sectors this year. It expected the electricity crisis to worsen during the peak dry season when water levels drop significantly at hydroelectricity plants. Second, it pointed out that weak political leadership and maneuvering ahead of the 2016 presidential election are highly likely to lead to a rise in government spending. Further, it indicated that the International Tribunal of the Law of the Sea is expected to give its verdict in April on Côte d'Ivoire's request to suspend Ghana's oil exploration operations in a contested maritime area between both countries until the maritime dispute is settled by the end of 2017. It anticipated that the suspension of offshore oil exploration could prevent Ghanaian authorities from meeting their revenue targets. In parallel, IHS Global Insight considered that the agreement with the IMF would provide Ghana the necessary credibility to borrow more funds. It noted that authorities plan to raise \$1bn through a 10-year Eurobond this year to repay debt maturing in 2017.

Source: Fitch Ratings



BANKING

GCC

Lower oil prices to weigh on banks' liquidity and earnings

Moody's Investors Service anticipated that lower global oil prices would negatively affect the liquidity level and profitability of banks in Gulf Cooperation Council economies. It noted that the impact of lower oil prices on banks would not be channeled through the banks' direct exposure to the hydrocarbon sector. Instead, it said that GCC banks would primarily face a decline in liquidity, as lower oil prices would reduce government-related deposits that provide about 10% to 35% of banks' non-equity funding. In addition, it expected lower oil prices to weigh on confidence and on economic activity, which would lead to weaker lending growth and to lower profitability. However, Moody's anticipated that banks' fundamental credit profiles would remain broadly stable given their robust capital and liquidity buffers. It said that the GCC banks' stock of liquid assets is healthy and their reliance on market funding is generally limited, which creates a margin for banks to adjust to changes in funding conditions. Also, it considered that the proactive policy responses of GCC governments would moderate the downside effects of lower oil prices on banks. As such, it pointed out that each of the GCC banking system would display varying degrees of resilience that are broadly in line with the pressures faced by their respective sovereigns. It noted that Kuwait, Qatar, Saudi Arabia and the UAE are better prepared to support their economies and banking systems due to their sizeable reserves, while banks in Bahrain and Oman are more vulnerable to a longer-than-expected period of low oil prices.

Source: Moody's Investors Service

UAE

Ratings on six banks affirmed on support from government and shareholders

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDR) of National Bank of Abu Dhabi (NBAD) and HSBC Bank Middle East (HBME) at 'AA-', and that of First Gulf Bank (FGB), Union National Bank (UNB), Abu Dhabi Commercial Bank (ADCB) and Emirates NBD (ENBD) at 'A+'. It said that HBME's long-term IDR reflects the expected support from its parent company HSBC Holdings in case of need. It noted that the long-term ratings on the remaining five banks reflect the strong ability and willingness of the authorities to support the banking sector, given the government's stake in a number of banks, robust economic activity, the large sovereign wealth fund and the moderate size of the sector relative to the country's GDP. In parallel, the agency maintained the Viability Ratings (VR) of NBAD at 'a-', that of FGB, UNB and HBME at 'bbb' and that of ADCB and ENBD at 'bb+'. It indicated that banks benefit from an improving operating environment, and have sound levels of liquidity, capital and pre-impairment operating profits, which are able to absorb higher credit costs if necessary. But it noted that asset quality issues persist at Dubai's banks, mainly due to the weak performance of the real estate sector during the financial crisis and to problem loans at some large government-related entity. The agency pointed out that high loan and deposit concentration constrain the banks' VRs.

Source: Fitch Ratings

EGYPT

Foreign currency liquidity dependent on GCC support

Regional investment bank EFG Hermes indicated that the Central Bank of Egypt's (CBE) recent measures have effectively frozen the parallel foreign exchange market and almost eliminated the gap between the official and black market exchange rates. It noted that the CBE imposed ceilings on cash deposits in US dollars by companies and individuals, which interrupted the prevailing system under which companies used to purchase their needs in foreign currency from the parallel market and deposit the money in the banking system. However, it pointed out that the focus has shifted back to the availability of foreign currency in the market, as companies are reporting a shortage of foreign currency liquidity. EFG Hermes indicated that the CBE is currently focusing its efforts to ensure that the liquidity squeeze does not cause major disruptions to economic activity. It noted that companies and individuals would stop using the parallel market when the CBE proves that it can meet the immediate needs of banks' clients. It noted that the ability of the CBE to meet such needs depends on its capacity to inject fresh liquidity in the market through new financial support from Gulf countries. However, it said that available liquidity in the banking sector would not benefit all economic sectors, as it would be directed to the CBE's priority list of imports. It noted that the CBE's main priority sectors are staple commodities, followed by capital goods & spare parts, intermediary production components & raw materials, and pharmaceuticals & vaccines.

Source: EFG Hermes

QATAR

Bank ratings upgraded on strong government support

Fitch Ratings upgraded to 'A+' from 'A' the long-term Issuer Default Ratings (IDR) of Commercial Bank of Qatar, Doha Bank, Qatar Islamic Bank, Al Khalij Commercial Bank, Qatar International Islamic Bank and Ahli Bank. It also upgraded Qatar National Bank's long-term IDR to 'AA-' from 'A+'. It noted that all banks' long-term IDRs have a 'stable' outlook, similar to the outlook on the sovereign ratings. It indicated that the upgrade of the banks' ratings follows the disclosure of Qatar's sovereign ratings, which provides greater clarity on the sovereign's ability to support the banking sector in case of need. It said that the seven banks would benefit from an extremely high probability of support from authorities in case of need. It considered that the government's capacity to support the banks is driven by its sovereign wealth funds and its sustained hydrocarbon revenues. It added that the government's strong willingness to support the banking sector reflects previous incidents of sovereign support that included asset purchases and measures to strengthen the banks' capital. S&P indicated that the performance of the banking sector is healthy and that banks are highly capitalized and have a solid asset quality with a non-performing loans ratio of less than 2%. It noted that credit growth has decelerated as the government has shifted from intermediating through banks to directly financing projects.

Source: Fitch Ratings



ENERGY / COMMODITIES

Outlook of crude oil prices uncertain

The U.S. Energy Information Administration (EIA) lowered its forecast for WTI crude oil prices to an average of \$52.2 per barrel in 2015 from \$55 p/b previously. In parallel, it increased its projection for North Sea Brent crude oil price to \$59 p/b this year from \$57 p/b in a previous forecast. The EIA noted that several factors could cause oil prices to deviate significantly from current projections, given the high level of uncertainty in oil markets, including the responsiveness of supply to lower prices. It said that the current values of futures and options contracts continue to imply a very high uncertainty in the price outlook. The EIA forecast Brent oil prices to average \$54.6 p/b in the first quarter and to rise to \$67 p/b in the fourth quarter of 2015. In parallel, the Bloomberg WTI Crude Oil Total Return Sub-Index dropped by 6.7% in the first two months of 2015, while the Brent Oil Sub-Index rose by 3.4% from end-2014.

Source: U.S. EIA, Bloomberg Indexes

Armenia's diamond exports down 21% in 2014

Armenia's diamond exports reached 160,100 carats (ct) in 2014, down by 21% from 202,700 ct in the preceding year. Diamond export receipts totaled \$116.5m in 2014, up by 32.4% from \$88m in 2013. The increase in the value of exports was due to the rise in global diamond prices and to the supply of bigger and more expensive diamonds. The country imports rough diamonds, processes them and then exports the finished stones. Armenia's rough diamond imports totaled 345,700 ct or \$148.3m in 2014, relative to 406,400 ct or \$118.4m in 2013.

Source: Arminfo, Byblos Research

KRG on course to fulfill deal obligation with Iraq

The Kurdistan Regional Government (KRG) indicated that it is on track to keep its side of the oil export agreement reached with the Iraqi central government in December 2014. The KRG noted that it supplied almost 97% of the crude oil agreed upon to Iraq's State Oil Marketing Organization at the end of February 2015. In turn, the KRG expects the Iraqi government to honor its obligations under the budget law and to transfer to the KRG its legal monthly entitlement from the budget, including the agreed special allocation of funds for the Peshmerga Kurdish armed forces.

Source: Thomson Reuters

M&A activity in Middle East's oil & gas sector subdued in 2014

The Middle East region's oil & gas sector saw 12 M&A upstream transactions in 2014, down by 62.5% from 32 deals in 2013. Upstream operations consist mainly of the exploration stages in the oil & gas industry. In terms of value, transactions in the upstream sector remained nearly unchanged at about \$600m in 2014 or at less than 0.3% of the global upstream deal values. In contrast, there were no deals completed in the mid-stream sector in 2014, which includes transportation, storage, and wholesale marketing of hydrocarbon products. In addition, transactions were non-existent in the downstream sector, which consists of refining, processing and purifying oil and natural gas. EY indicated that the Middle East region continued to lag behind the rest of the world with negligible transaction values since 2011, despite the region's high levels of hydrocarbon production and reserves.

Source: EY, Byblos Research

Base Metals: Zinc prices to rebound in 2015

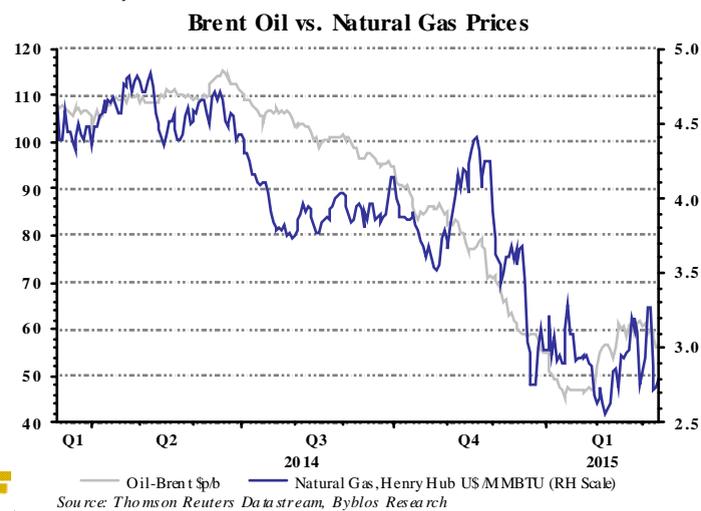
Zinc prices are forecast to gradually recover in 2015 from an 11-month low of \$1,979 a ton reached on March 11, 2015. The metal's price is projected to average \$2,175 a ton in the first quarter, \$2,275 a ton in the second quarter, \$2,350 a ton in the third quarter and \$2,400 a ton in the fourth quarter of 2015. The price of zinc is likely to rebound towards \$2,300 a ton due in part to an expected production deficit in the global zinc market. In parallel, the Bloomberg Industrial Metals Total Return Sub-Index increased by 1.1% month-on-month in February and decreased by 4.3% in the first two months of 2015, while the Zinc Sub-Index dropped by 3.1% last month and by 5.5% from end-2014. Also, the Bloomberg Copper Total Return Sub-Index improved by 7.9% in February and regressed by 4.7% in the first two months of 2015.

Source: Standard Chartered, Bloomberg Indexes

Precious Metals: Automotive sector to account for 41% of platinum demand in 2015

Platinum prices are forecast to drop by 12% to average \$1,196 a troy ounce in 2015. The global platinum market is expected to remain undersupplied, with deficits narrowing from 700,000 ounces in 2014 to 235,000 ounces in 2015. Global platinum production is anticipated to grow by 10.2% to 8 million ounces in 2015, with mine supply accounting for 72.8% of the total. South African production is forecast to grow by 30.5% to about 4 million ounces in 2015, as the country's mines that were affected by the strikes of 2014 return to normal output. South Africa would remain the world's largest producer of the metal with a share of about 69% of global mine supply in 2015, followed by Russia (12%), Zimbabwe (7.2%) and North America (6.6%). In parallel, the metal's consumption is expected to grow by 3.5% to 8.2 million ounces in 2015, driven by increases in vehicle production and industrial demand. The automotive sector is projected to remain the world's main consumer of platinum, mainly through the demand for catalytic converters that help limit vehicle emissions. It would account for 41% of global demand in 2015 and would be followed by the jewelry industry (37.6%), the chemical sector (8.2%), the medical & biomedical industry (3.1%) and the electrical sector (2.4%). In parallel, the Bloomberg Platinum Total Return Sub-Index decreased by 2% in the first two months of 2015.

Source: World Platinum Investment Council, Bloomberg Indexes, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Gross 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	-1.9	9.7	1.5	9.4	1.1	-	0.5	-
Angola	B+	Ba2	BB-	-	BB	-2.0	29.2	9.4	-	1.9	79.0	2.2	-1.4
Egypt	B-	Caa1	B	B-	CCC	-11.1	91.3	16.4	127.5	7.5	286.8	-1.3	1.3
Ethiopia	B	B1	B	-	CCC	-3.0	23.5	21.1	116.3	-	-	-5.4	2.8
Ghana	B-	B2	B	-	B	-7.5	66.5	32.3	73.4	3.4	239.1	-10.6	7.5
Ivory Coast	-	B1	B	-	B	-2.8	40.4	15.8	62.7	6.3	-	-2.2	2.9
Libya	-	-	B	-	B	-30.4	1.6	9.5	10.9	3.4	-	-27.7	-
Dem Rep Congo	B-	B3	-	-	-	-2.1	23.4	12.3	45.1	1.4	5.4	-7.9	6.9
Morocco	BBB-	Ba1	BBB-	-	B	-4.9	62.7	31.5	115.4	17.2	270.2	-6.6	2.9
Nigeria	BB-	Ba3	BB-	-	B	-1.8	2.0	3.2	42.0	0.3	34.3	4.9	2.7
Sudan	-	-	-	-	C	-1.3	89.3	74.0	-	-	-	-8.2	-
Tunisia	-	Ba3	BB-	-	CCC	-6.8	50.9	59.1	127.6	10.9	360.6	-6.7	3.0
Burkina Faso	B	-	-	-	-	-3.9	32.1	25.9	143.5	-	-	-7.3	0.4
Rwanda	B	-	B	-	-	-3.1	28.8	21.5	253.7	-	153.6	-11.5	3.5
Middle East													
Bahrain	BBB-	Baa2	BBB	BBB	BB	-4.3	45.8	134.4	423.5	16.6	506.6	10.4	0.2
Iran	-	-	-	B	CCC	-2.5	10.8	1.8	13.9	1.3	15.4	5.2	-
Iraq	-	-	-	-	CCC	-2.0	16.3	10.7	69.5	-	-	1.0	-
Jordan	BB-	B1	-	BB-	CCC	-8.3	91.3	26.0	154.2	14.9	225.4	-12.9	6.3
Kuwait	AA	Aa2	AA	AA-	A	25.2	2.4	20.4	25.5	7.0	108.4	37.4	-4.7
Lebanon	B-	B2	B	B	CCC	-11.5	147.6	179.6	162.8	16.4	126.8	-15.8	6.0
Oman	A-	A1	-	A	A	0.6	8.0	12.0	25.0	3.8	105.3	7.8	0.6
Qatar	AA	Aa2	AA	AA-	AA	7.7	25.7	75.6	123.9	14.3	477.0	25.4	-0.4
Saudi Arabia	AA-	Aa3	AA	AA-	A	7.1	2.6	11.8	24.3	1.9	11.4	15.8	0.6
Syria	-	-	-	-	C	-12.0	65.0	27.4	-	-	-	-3.7	-
UAE	-	Aa2	-	AA-	BB	7.9	12.3	38.0	38.0	4.0	330.2	13.3	2.1
Yemen	-	-	-	-	CC	-6.7	51.4	15.0	51.8	-	-	-1.5	-



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Gross 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								
Asia													
Armenia	-	Ba3	B+	-	-	-2.3	42.1	77.0	109.2	17.9	543.0	-7.2	4.0
	-	Negative	Stable	-	-								
China	AA-	Aa3	A+	-	BBB	-2.1	27.2	7.9	29.8	1.5	21.1	2.2	1.0
	Stable	Stable	Stable	-	Stable								
India	BBB-	Baa3	BBB-	-	BB	-4.5	67.8	21.3	83.6	5.2	188.9	-2.1	1.2
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB+	Baa2	BBB+	-	BB	4.2	13.3	70.7	131.2	13.7	544.2	1.9	5.6
	Stable	Positive	Stable	-	Stable								
Central & Eastern Europe													
Bulgaria	BBB	Baa2	BBB-	-	BB	-2.6	17.6	89.0	131.2	23.2	272.4	-0.4	3.0
	Negative	Stable	Stable	-	Stable								
Romania	BBB-	Baa3	BBB-	-	B	-2.9	39.7	66.5	153.9	20.0	257.6	-1.7	1.4
	Stable	Negative	Stable	-	Stable								
Russia	BB+	Baa3	BBB-	-	BBB	-0.5	11.6	36.7	109.4	15.0	134.9	3.0	-0.9
	Negative	-	Negative	-	Stable								
Turkey	BB+	Baa3	BBB-	BB+	B	-2.0	35.9	47.2	107.5	25.1	343.0	-6.3	1.3
	Negative	Negative	Stable	Stable	Stable								
Ukraine	CCC	Caa3	CCC	-	CC	-5.2	48.3	85.4	138.4	20.5	957.4	-6.7	2.2
	Negative	Negative	-	-	Stable								

Sources: International Monetary Fund; Economist Intelligence Unit; Institute of International Finance; Moody's Investors Service; Byblos Research - The above figures are forecasts for 2014



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	28-Jan-15	No change	18-Mar-15
Eurozone	Refi Rate	0.05	05-Mar-15	No change	15-Apr-15
UK	Bank Rate	0.50	05-Mar-15	No change	09-Apr-15
Japan	O/N Call Rate	0.00-0.10	18-Feb-15	No change	17-Mar-15
Australia	Cash Rate	2.25	03-Mar-15	No change	07-Apr-15
New Zealand	Cash Rate	3.50	12-Mar-15	No change	30-Apr-15
Switzerland	3 month Libor target	-1.25-(-0.25)	11-Dec-14	Cut 50bps	19-Mar-15
Canada	Overnight rate	0.75	04-Mar-15	Cut 25bps	15-Apr-15
Emerging Markets					
China	One-year lending rate	5.35	01-Mar-15	Cut 25bps	N/A
Hong Kong	Base Rate	0.50	28-Jan-15	No change	18-Mar-15
Taiwan	Discount Rate	1.875	18-Dec-14	No change	26-Mar-15
South Korea	Base Rate	2.00	17-Feb-15	No change	12-Mar-15
Malaysia	O/N Policy Rate	3.25	05-Mar-15	No change	07-May-15
Thailand	1D Repo	2.00	28-Jan-15	No change	11-Mar-15
India	Reverse repo rate	7.50	04-Mar-15	Cut 25bps	07-Apr-15
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 25bps	N/A
Saudi Arabia	Repo rate	0.25	16-June-09	Cut 25bps	N/A
Egypt	Overnight Deposit	8.75	26-Feb-15	No change	23-Apr-15
Turkey	Base Rate	7.50	24-Feb-15	Cut 25bps	17-Mar-15
South Africa	Repo rate	5.75	27-Jan-15	No change	26-Mar-15
Kenya	Central Bank Rate	8.50	04-Feb-15	No change	01-May-15
Nigeria	Monetary Policy Rate	13.00	20-Jan-15	No change	24-Mar-15
Ghana	Prime Rate	21.00	18-Feb-15	Raised 200bps	01-Apr-15
Angola	Base rate	9.00	02-Feb-15	No change	N/A
Mexico	Target Rate	3.00	29-Jan-15	No change	26-Mar-15
Brazil	Selic Rate	12.75	04-Mar-15	Raised 50bps	29-Apr-15
Armenia	Refi Rate	10.50	10-Feb-15	Raised 100bps	N/A
Romania	Policy Rate	2.25	04-Feb-15	Cut 25bps	N/A
Bulgaria	Base Interest	0.01	01-Jan-15	Cut 1bps	N/A
Kazakhstan	Refi Rate	5.50	04-Jan-13	No change	N/A
Ukraine	Discount Rate	30.0	03-Mar-15	Raised 1050bps	N/A
Russia	Refi Rate	15.0	30-Jan-15	Cut 200bps	13-Mar-15



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