

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### Private equity fundraising down 6% to \$104bn in first quarter of 2015

Figures released by research provider Preqin indicate that global private equity fundraising reached \$104bn in the first quarter of 2015, constituting a drop of 35.8% from \$162bn in the fourth quarter of 2014 and a decline of 6.3% from \$111bn in the first quarter last year. There were 166 funds that held a final close in the first quarter of 2015 relative to 324 funds in the preceding quarter and 263 deals in the same quarter last year. Preqin noted that the 20 funds that closed with a size larger than \$1bn raised \$67bn in the first quarter of 2015 and accounted for 64% of total capital raised during the covered quarter. The capital raised through 28 real estate funds worldwide reached \$29.7bn or 28.6% of aggregate capital secured, followed by 27 buyout funds with \$29.2bn (28.1%), 18 growth funds and nine mezzanine funds with \$11bn each (10.6% each), and 58 venture capital funds with \$8bn (7.7%). Further, North America-focused funds raised an aggregate of \$71bn in the first quarter of 2015, followed by Europe-focused funds (\$18bn), Asia-focused funds (\$10bn) and funds focused on the remaining parts of the world (\$5bn). In parallel, Preqin said that 57% of surveyed investors expected their allocation to emerging markets to remain the same over the next 12 months, while 25% anticipated to increase their allocation and 18% expected to decrease their allocation.

Source: Preqin

#### EMERGING MARKETS

##### Downgrades outpace upgrades in first quarter of 2015

Standard & Poor's indicated that it downgraded 91 corporate and sovereign issuers in emerging markets (EM) that included 54 issuers worth \$1,225.4bn in rated debt, while it upgraded nine EM issuers that included seven issuers worth \$17.1bn in rated debt in the first quarter of 2015. It noted that the downgrade ratio, which is the proportion of downgrades to total rating actions, stood at 89% in the first quarter of 2015 compared to the historical average of 53% since 1995. The agency expected the decline in global oil prices, the slowdown in China's economic activity and the elevated geopolitical risks in Russia and the Middle East to negatively affect overall market sentiment and consumer purchasing behavior, which would weigh on sovereign and corporate ratings in emerging economies. In parallel, S&P downgraded 45 corporate issuers, representing \$228bn in rated debt, in the first quarter of the year; while it upgraded six corporate issuers worth \$17bn. Eastern Europe, the Middle East & Africa had 28 corporate downgrades worth a total of \$171bn, followed by Latin America with 14 downgrades (\$54bn) and two upgrades (\$1bn), and Emerging Asia with three downgrades (\$2bn) and four upgrades (\$16bn). Further, the agency downgraded nine sovereigns representing \$998bn in rated debt in the first quarter of 2015, while it upgraded the ratings of one sovereign.

Source: Standard & Poor's

#### MENA

##### Levant youth are least optimistic about future

The ASDA'A Burson-Marsteller 2015 Arab Youth Survey shows that Arabs between 18 and 24 year-old cited the rise of the Islamic State as the biggest obstacle facing the Middle East (37% of responses), followed by the threat of terrorism (32%), unemployment (29%), the Palestinian-Israeli conflict (23%) and the rising cost of living (22%). Further, it revealed that 73% of Arab youth in Gulf Cooperation Council (GCC) economies are concerned about unemployment in their countries, while 84% of young Arabs in non-GCC countries share similar concerns. In addition, 68% of Arab youth in GCC countries are confident in their government's ability to deal with unemployment, relative to just 33% of young Arabs in non-GCC countries who share similar views about their governments. Also, 65% of Arab youth in GCC countries said that there are good job opportunities in their economies, relative to just 27% of young Arabs in non-GCC countries who have similar views. In parallel, 67% of Arab youth believe that their "best days are still ahead" relative to 26% who said that their "best days are behind them". Young Arabs in North Africa have the highest level of optimism about the future (73%), followed by those in GCC economies (70%) and the Levant & other regions (57%). The survey was conducted through face-to-face interviews between January 20 and February 12, 2015 on a sample size of 3,500 respondents who are between 18 and 24 years-old from 16 Arab countries.

Source: ASDA'A, Burson-Marsteller

##### Country risk level in Arab world slightly improves in first quarter of 2015

The Euromoney Group's quarterly survey on global country risk shows that the risk level in the Arab world remained nearly unchanged in the first quarter of 2015, as the average score of 19 Arab economies reached 40.9 points in the covered quarter compared to 40.8 points in the fourth quarter of 2014. The region's risk level remains higher than the global risk level that averaged 42.6 points in the first quarter of the year. The GCC countries' average score regressed marginally to 65.45 points from 65.69 points in the preceding quarter, which reflects a slight rise in the country risk level, while the average score of non-GCC Arab countries marginally rose to 29.55 points from 29.31 points in the fourth quarter of 2014. The Arab world's Political Risks level stood at 11.95 points, which is riskier than the global average of 13.78 points in the first quarter of 2015; while the Economic Performance score was 13.45 points, similar to the global average. Further, the region's Credit Ratings averaged 2.98 points relative to the global average of 3.13 points; while the Access to Bank Finance & Capital Markets score reached 3.11 points, below the global average of 3.59 points. Qatar is the country with the best risk ratings in the Arab world and ranked in 18th place globally, followed by the UAE (25th), Kuwait (26th), and Oman (31st); while the lowest-ranked countries in the region are Sudan that came in 158th place, Mauritania (162nd), Syria (167th) and Djibouti (183rd).

Source: Euromoney, Byblos Research

---

# OUTLOOK

---

## UAE

### Economy to increasingly feel impact of lower oil prices

Samba Financial Group projected the UAE's real GDP growth to decelerate from 4.7% in 2014 to 3.3% in 2015 and 2016 due to lower global oil prices. It said that the strong recovery in the UAE has started to slow down, given that lower oil prices have dented investor confidence, which resulted in declines in the stock market and weaknesses in the real estate sector. But it said that the relatively stable oil prices and expectations that Abu Dhabi would continue to use its substantial wealth to support the economy have helped stabilize sentiment and activity. It forecast the non-hydrocarbon sector to expand by 4.7% in 2015 and by 4.6% in 2016, driven by public investment; and for hydrocarbon output to grow by 0.2% in 2015 and 2016, reflecting stable oil production and continued investment in gas and condensate. It said that the headline inflation rate rose to 4.3% year-on-year in March due to the sharp rise in electricity and water costs under Abu Dhabi's new subsidy reforms, as well as to the increase in housing costs. But it expected the inflation rate to average 3.7% in 2015 and 2.7% in 2016, reflecting the recent weakening of the real estate market, the lower growth outlook and the one-off impact of the increase in utility prices.

It projected the UAE's consolidated fiscal balance to shift from a surplus of 6.1% of GDP in 2014 to a deficit of 4.1% of GDP in 2015, based on an average oil prices of \$60 per barrel and total spending of \$104bn. It said that authorities would avoid cuts in investment spending by drawing down from their substantial external buffers, which would support economic activity. It forecast the fiscal deficit to narrow to 0.7% of GDP in 2016 assuming that oil prices recover to \$70 per barrel and Abu Dhabi continues its fiscal consolidation plan. Further, it expected the current account surplus to narrow from 12.2% of GDP in 2014 to 1.3% of GDP in 2015 and 3.5% of GDP in 2016.

In parallel, it forecast policy rates in the UAE to rise in line with the expected increase in U.S. interest rates this year, but with some time lag. It said that this would slow down loan demand and add to the challenges from a strong US dollar that is making the real estate sector more expensive and is adversely affecting the export competitiveness of the non-oil sector.

Source: Samba Financial Group

## ANGOLA

### Non-oil GDP growth to average 4.4%, current account deficit to widen to 5.3% of GDP in 2015-16

The International Monetary Fund projected economic growth in Angola at 4.5% in 2015 and 3.9% in 2016, compared to growth rates of 4.5% in 2015 and 5.2% in 2016 in Sub-Saharan Africa's oil-exporting countries. It expected the country's non-oil GDP to grow by a real rate of 3.6% in 2015 and 5.2% in 2016, compared to growth rates of 4.9% and 5.5% in 2015 and 2016, respectively, for the region's oil exporting economies. The Fund forecast Angola's annual average inflation rate at 8.4% in 2015 and 8.5% in 2016, compared to inflation rates of 8.8% and 9.2% in 2015 and 2016, respectively, for SSA's oil-exporting economies. It estimated total investment at 9.2% of GDP in 2015 and 10.4% of GDP in 2016. It also expected broad money to grow by 18.5% this year and by 14.7% in 2016. It added that claims on the non-financial private sector grew by 15% and by 15.7% in 2013 and 2014, respectively.

In parallel, the Fund projected the government's fiscal balance to post deficits of 4.7% of GDP in 2015 and 2.4% of GDP in 2016, when excluding grants; while it estimated the deficits at 4.7% of GDP in 2015 and 2.3% of GDP in 2016, when including grants. It estimated public revenues, excluding grants, at 25.6% of GDP this year and at 28.3% of GDP in 2016, and total expenditures at 30.3% of GDP in 2015 and at 30.6% of GDP next year. The IMF projected the government's debt at 47.5% of GDP in 2015 and 44.3% of GDP in 2016, up from 38% of GDP last year. Further, it expected the current account deficit to widen from 0.8% of GDP in 2014 to 6.3% of GDP in 2015 and 4.2% of GDP in 2016. In comparison, it forecast oil-exporting countries in SSA to post current account deficits of 1.7% of GDP in 2015 and 0.5% of GDP in 2016. It noted that Angola's gross official reserves reached 7.7 months of import cover at the end of 2013 and 8.6 months of import cover at the end of 2014.

Source: International Monetary Fund

## DEM REP CONGO

### Economic growth to average 8.8% in 2015-16

The International Monetary Fund projected the Democratic Republic of Congo's real GDP growth rate at 9.2% in 2015 and 8.4% in 2016. In parallel, it forecast growth at 4.5% in 2015 and 5.1% in 2016 for Sub-Saharan Africa (SSA), and at 6.7% in 2015 and 6.8% in 2016 for the SSA members of the Common Market for Eastern & Southern Africa (COMESA), in which the DRC is a member. It forecast the country's annual average inflation rate at 2.4% in 2015 compared to average inflation rates of 6.6% in SSA and 5.5% in the COMESA. It also expected the country's average inflation rate to reach 3.5% in 2016 relative to 7% for SSA and 5.7% for COMESA. It projected the DRC's real per capita GDP to grow by 6% in 2015 and by 5.3% in 2016. Further, it anticipated broad money to expand by 17.7% in 2015 and by 21% in 2016. It added that claims on the non-financial private sector grew by 26.5% and by 22.8% in 2013 and 2014, respectively, relative to 12.1% and 15.8% for the SSA region, and to 13.8% and 16.1% for COMESA.

In parallel, the Fund projected the government's fiscal balance to post deficits of 1.4% of GDP in 2015 and 1.7% of GDP in 2016, when excluding grants, relative to a surplus of 0.8% of GDP in 2014; while it estimated surpluses of 1.6% of GDP in both 2014 and 2015, when including grants, relative to a surplus of 2.6% of GDP in 2014. It projected public revenues, excluding grants, at 12.7% of GDP in 2015 and 13.1% of GDP in 2016, and total expenditures at 14.1% of GDP in 2015 and 14.9% of GDP in 2016. The IMF projected the external debt to official creditors at 12.4% of GDP in 2015 and 14.1% of GDP in 2016. Further, it expected the current account to post deficits of 10.7% of GDP in 2015 and 9.5% of GDP in 2016. The Fund noted that the country's gross official reserves reached 1.6 months of import cover at the end of 2013 and 1.3 months of import cover at the end of 2014.

Source: International Monetary Fund



# ECONOMY & TRADE

## JORDAN

### **Sovereign ratings affirmed, outlook 'stable'**

Standard & Poor's affirmed Jordan's long- and short-term foreign and local currency sovereign credit ratings at 'BB-/B', with a 'stable' outlook. It expected lower global oil prices and energy diversification efforts to support Jordan's growth prospects, to ease pressure on public finances and to narrow the current account deficit. But it noted that spillovers from the conflicts in Iraq and Syria on investment, tourism and trade activity would partly offset the benefits of lower global oil prices. It considered that Jordan would remain dependent on bilateral and multilateral lenders to close its external funding gap. It did not expect economic growth to reach pre-2010 levels during the 2015-18 period due to regional pressure, domestic growth bottlenecks, high unemployment and a challenging business environment. Further, it expected the government to make additional progress on fiscal consolidation, including increases in electricity tariffs. It projected the fiscal deficit to narrow from an estimated 7% of GDP in 2014 to 5% of GDP in 2015, due to reduced transfers to the state-owned National Electric Power Company. In parallel, the agency indicated that foreign currency inflows from public sector borrowings, grants, remittance inflows, tourism receipts and investment would moderately improve external imbalances over the medium-term. It projected the current account deficit to narrow from 6.8% of GDP in 2014 to 6% of GDP in 2015. It forecast the country's gross external financing needs to remain elevated at 101.3% of current account receipts plus usable reserves at end-2015 and to decrease slightly to 99.7% by the end of 2018.

*Source: Standard & Poor's*

## IRAN

### **Sovereign ratings affirmed, outlook 'stable'**

Capital Intelligence affirmed Iran's long-term local and foreign currency sovereign ratings at 'B' with a 'stable' outlook. It indicated that the ratings are supported by the country's substantial hydrocarbon resources, low public debt level and large net external creditor position. But it noted that the ratings are constrained by international sanctions, weakening fiscal performance, significant socio-economic challenges and weak institutions. It said that the Iranian economy grew by 1% in the fiscal year that ended in March 2015 following the easing of some international sanctions in November 2013 and improved economic management. It expected the economy to grow by about 1.5% annually over the medium term. It noted that the inflation rate regressed to about 23.6% in FY2014/15 and that the Iranian rial's depreciation slowed down after two years of substantial losses. CI expected the fiscal deficit to average 2.5% of GDP in the next two fiscal years, assuming unchanged policies and sustained low global oil prices. It pointed out that Iran's public debt remains low and that its official foreign assets are sizeable. It estimated the country's foreign assets to be equivalent to about 15.6 months of imports of goods and services, and to around 10 times the external debt payments due in 2015. However, CI noted that the country's capacity to absorb external economic shocks is weak, as its ability to access and use its foreign assets is constrained by sanctions, and as the exact size of liquid and freely-usable foreign assets is unknown.

*Source: Capital Intelligence*

## GHANA

### **Ratings affirmed, outlook 'stable'**

Standard & Poor's affirmed Ghana's long-term foreign and local currency sovereign credit ratings at 'B-/B', and kept the outlook at 'stable'. It also maintained the transfer & convertibility assessment at 'B'. It said that the ratings reflect Ghana's wide fiscal and external deficits, along with other economic risks, such as a double-digit inflation rate and the depreciation of the Ghanaian cedi. S&P forecast economic growth to decelerate from 8.6% during the 2010-14 period to 5.1% annually between 2015 and 2017. It added that the elevated inflation rate and the depreciating currency would continue to weigh on consumer and business confidence and, consequently, on investment. Further, the agency projected the fiscal deficit at 8% of GDP in 2015 compared to a deficit of 9.4% of GDP in 2014, and expected debt servicing to absorb about 34% of public revenues annually between 2015 and 2017 relative to 19% during the 2010-14 period. It forecast the public debt level to average 70% of GDP annually during the 2015-17 period, and for the current account deficit to average 8% of GDP annually between 2015 and 2017. S&P considered that the new IMF program would help address fiscal and external imbalances, and could improve budgetary discipline and prevent pre-election spending. But it cautioned that delays in achieving the program's targets would constrain financial support from official lenders. It expected the country's external financing to remain under pressure. It estimated the gross external financing needs at 121% of current account receipts and usable reserves in 2015, and for usable reserves to cover two months of current account payments.

*Source: Standard & Poor's*

## NIGERIA

### **Non-oil growth to average 5.3% in 2015-16**

The Institute of International Finance projected Nigeria's real GDP growth to decelerate from 6.3% in 2014 to 4.8% in 2015 and to 5.7% in 2016, as the economy adjusts to the substantial fall in global oil prices. It forecast the non-hydrocarbon sector to expand by 5.4% in 2015 and 6.2% in 2016, and for hydrocarbon output to grow by 0.5% in 2015 and 1% in 2016. It expected authorities to ratify the Petroleum Industry Bill, but it noted that lower oil prices could slow new oil investments. Also, it indicated that authorities have reduced the benchmark oil price for the budget from \$77 per barrel initially to \$53 p/b, and cut government spending in order to contain the deterioration in the fiscal balance. It did not anticipate the new administration to modify the current restrictive fiscal policy stance. It forecast the fiscal deficit to widen from 2.5% of GDP in 2014 to 2.9% of GDP in 2015 and 2.6% of GDP in 2016. In addition, it expected monetary policy to remain restrictive in order to address inflationary pressure, and projected the inflation rate to average 10.3% in 2015 and 9% in 2016. Further, it indicated that the relatively smooth elections and the easing of political uncertainty have strengthened market confidence and helped the Nigerian naira to stabilize at about NGN200 per US dollar following a depreciation of almost 20% so far this year. It forecast foreign exchange reserves to decrease from \$34.2bn in 2014, equivalent to 4 months of imports, to \$28.9bn or 3.6 months of imports in 2015.

*Source: Institute of International Finance*



# BANKING

## AFRICA

### Economic growth to support bank lending

Fitch Ratings anticipated the sustained economic growth in Sub-Saharan Africa (SSA) to provide favorable conditions for the region's banks in 2015, despite the decline in commodity prices. It expected credit growth to accelerate due to strong demand for infrastructure financing and a developing private sector. It considered that this would offset the risks from weaker commodity prices, and from heightened political risks and uncertainty. It pointed out that credit demand persisted in oil exporting countries, where lower global oil prices usually trigger a contraction in lending activity. It said that credit demand in Nigeria is supported by strong activity in the non-oil and services sectors and by solid private consumption. The agency indicated that SSA banks have abundant deposits, with an average loans-to-deposits ratio of 78% for banking sectors in rated countries, which is low by international standards. It noted that the low ratio reflects limited opportunities for profitable lending and the allocation of assets towards high yielding government securities rather than loans. Also, it pointed out that the short-term nature of deposits in SSA banks constrains credit growth, given that such loans are not adequate for funding long-term loans. It considered that managing liquidity gaps is a challenge, but it noted that banks in the region have adapted to these constraints in order to grow their loan books. Fitch indicated that the slow growth in lending could be positive for financial stability and would reduce the banking sectors' systemic risks. It said that potential banking sector risks in SSA are the lowest in Nigeria and South Africa and the highest in Angola, Ethiopia and Ghana.

Source: Fitch Ratings

## SAUDI ARABIA

### Financial soundness indicators reflect solid banking sector

The risk-weighted capital adequacy ratio (CAR) of banks operating in Saudi Arabia reached 17.9% at the end of 2014, unchanged from end-2013 and up from 17.1% at end-2012; while the banks' Tier-One capital ratio stood at 16.2% at end-2014, relative to 16.5% at end-2013 and 15.7% at end-2012. The sector's loan-to-deposit ratio reached 79.4% at the end of 2014, down from 79.9% at the end of 2013; while the banks' loan-to-non-oil GDP ratio increased to 78.1% at end-2014 from 77.3% at end-2013. Also, the sector's non-performing loans (NPL) ratio was 1.1% at the end of 2014, down from 1.3% at end-2013 due to strong lending growth rather than lower NPL formation. Further, the banks' return on assets increased from 2% in 2013 to 2.5% in 2014; while their return on equity rose from 14.6% in 2013 to 18.2% in 2014. The Institute of International Finance expected credit growth in Saudi Arabia to slow down from about 12% in 2014 to high single-digits in 2015 due to slower economic activity, new regulations, and tighter lending standards for corporates following the drop in oil prices. It added that authorities plan to reduce large exposure limits by 200 basis points over five years to 15% of capital in order to decrease concentration risk. It indicated that NPLs could increase given the drop in global oil prices and the expected tightening in financial conditions. But it noted that this would be mitigated by the banks' high capital adequacy.

Source: SAMA, Institute of International Finance

## QATAR

### Bank ratings affirmed on government support

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDR) of Qatar National Bank at 'AA-', and that of Commercial Bank of Qatar, Doha Bank, Qatar Islamic Bank, Al Khalij Commercial Bank, Qatar International Islamic Bank and Ahli Bank at 'A+'. It said that the banks' long-term IDRs have a 'stable' outlook, reflecting the similar outlook on the sovereign ratings. Fitch indicated that the ratings on the seven banks reflect the extremely high probability of support from the Qatari authorities if needed. 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 cases of sovereign support that included asset purchases and measures to strengthen the banks' capital. It noted that the higher rating on Qatar National Bank reflects its status as the flagship bank in the sector, its role in the Qatari banking sector and its close business links with the state. It indicated that the ratings are sensitive to a change in the authorities' perceived willingness and ability to support the banking sector. In parallel, Fitch affirmed the viability rating (VR) of Qatar National Bank at 'a'; that of Commercial Bank of Qatar, Qatar Islamic Bank and Doha Bank at 'bbb'; that of Ahli Bank and Al Khalij Commercial Bank at 'bbb-'; and that of QIIB at 'bb+'. It said that all banks' VRs benefit from a stable and supportive operating environment, with the government's capital investment program driving lending opportunities.

Source: Fitch Ratings

## NIGERIA

### Central Bank against additional naira devaluation

Citigroup indicated that the Central Bank of Nigeria (CBN) is reluctant to allow further devaluation of the naira from its current level of NGN200 per US dollar on the interbank market. It attributed its reluctance to the significant decline in local demand for foreign currency in April 2015 following heightened pressure in previous months, and to the lack of political pressure for further devaluation. It anticipated that the government would do whatever it can to avoid additional losses in the value of the naira, given the political consensus that a weak naira is negative for the economy. In addition, it said that the CBN considers that the naira had to adjust to lower global oil prices, and that the adjustment process bottomed out. The CBN attributed most of the recent demand for foreign currency to speculation rather than to fundamental factors, adding that it issued several regulations in order to curb such activities. Citigroup considered that the CBN would become increasingly confident that it can maintain the exchange rate at the current level if the easing in demand for foreign currency continues over the coming months. It expected the CBN to gradually reduce the current restrictions in force in the foreign exchange market by the end of 2015 or early 2016 as oil prices recover. However, Citigroup cautioned that demand for foreign currency could pick-up significantly in coming months and that the pressure on foreign currency reserves could be renewed. It noted that the CBN would have to choose between preserving foreign currency reserves and maintaining the stability of the naira.

Source: Citigroup



# ENERGY / COMMODITIES

## Lower oil prices to slow down supply growth in long term

Barclays increased its average Brent oil price forecasts by \$9 to \$60 per barrel (p/b) for 2015 and by another \$8 to \$68 p/b for 2016; while it raised its WTI price outlook by \$8 to \$54 p/b this year and by \$7 to \$64 p/b for 2016. It mainly attributed the price revisions to the ongoing geopolitical risks, mainly in Yemen and Syria, and to unplanned production outages, including in the North Sea and Brazil. It said that lower oil prices would eventually reduce supply, as some investments that would have been made with \$100 p/b oil price level will no longer be implemented. Barclays expected that it will be a very long time before oil prices return to the \$100 p/b price range. In parallel, Barclays indicated that oil supply from the U.S. has not decreased, because the rigs that are being shutdown are the least productive. It said that many wells have been drilled; but noted that the extraction process, which is expensive, is being delayed until prices reach higher levels.

Source: Barclays, Byblos Research

## Syria's oil output down 27% in first quarter

Syria's crude oil production reached 853,772 barrels in the first quarter of 2015, equivalent to an average of 9,486 barrels per day (b/d), down by about 26.9% from an average of 12,967 b/d in the same quarter of 2014. In addition, the country's natural gas production reached 1.4 billion cubic meters in the first quarter of the year, equivalent to a daily average output of 15.6 million cubic meters. Syria's total sales of oil and gas products reached SYP120.48bn in the first quarter of 2015, equivalent to about \$613.1m at the quarter's prevailing average exchange rate.

Source: Syrian Arab News Agency, Alwatan, Byblos Research

## Iranian oil exports up in April following framework agreement with P5+1 countries

Iran's estimated crude oil exports rose by about 500,000 barrels per day (b/d) month-on-month to 1.18 million b/d in April 2015, driven by stronger oil sales to India and Japan. The increase in exports followed the signing of a nuclear framework agreement between Tehran and the five permanent members of the UN Security Council plus Germany (P5+1) on March 31, 2015. Iran intends to raise its crude oil exports by as much as one million b/d if it finalizes a nuclear deal with the P5+1 by the June deadline. Also, Iran plans to extract oil from the South Pars oil field as part of its strategy to raise its oil production from around 2.8 million b/d currently to at least 3 million b/d by March 2016.

Source: Thomson Reuters

## Nigerian government to receive at least \$1.48bn of unremitted funds from NNPC

An investigative forensic audit performed by PricewaterhouseCoopers (PwC) determined that the Nigerian Petroleum Development Company (NNPC) and its subsidiary should refund at least \$1.48bn to Nigeria's Federation Accounts. The unremitted funds arose from unsubstantiated costs, unpaid taxes, duplicated subsidy claims and computation errors between January 2012 and July 2013. Also, the audit showed that NNPC has overpaid \$0.74bn, as it remitted \$50.81bn to the Federation Accounts instead of \$50.07bn during the covered period. PwC recommended that the NNPC model of operation to be urgently reviewed and restructured, as the current model is unsustainable.

Source: PricewaterhouseCoopers

COUNTRY RISK WEEKLY BULLETIN

## Base Metals: Copper price up 4% in March 2015

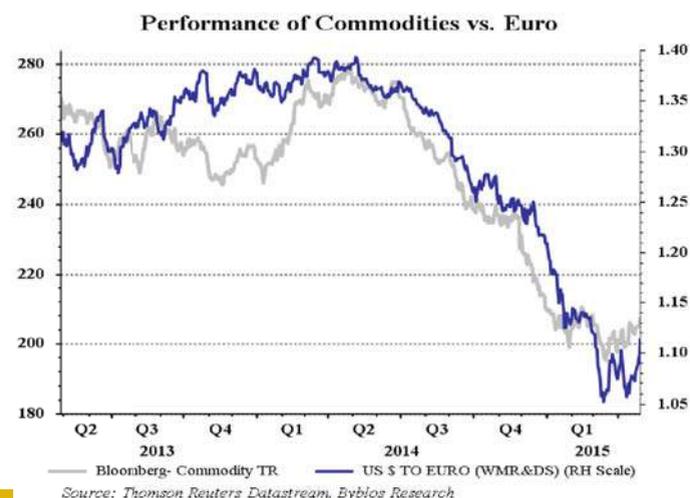
Copper prices traded at a low of \$5,390.5 per ton and at a high of \$6,309 per ton to average \$5,818 per ton in the first quarter of 2015. The average cash price of LME copper was \$5,926 per ton in March 2015, up by 3.9% from \$5,702 in the preceding month but down by 13.7% from \$6,862 per ton in 2014. The refined copper balance posted a production surplus of 59,000 tons in January 2015 relative to a deficit of 142,000 tons in the same month of 2014. Global refined copper demand is estimated to have decreased by about 3.6% year-on-year to 1.85 million metric tons in January 2015, partly due to weaker Chinese demand for the metal. Also, global mine production rose by 5.7% year-on-year in January 2015, due to a recovery in production levels in Indonesia and in Chile, while the latter also benefited from new production at mines that began operating in 2014. The average global mine capacity utilization rate rose from 84.7% in January 2014 to 85.5%. Global refined copper production rose by about 7.5% to 1.91 million metric tons in January 2015. China's refined copper supply is estimated to have increased by 15% in January, contributing the most to the rise in global refined copper production.

Source: International Copper Study Group

## Precious Metals: Timing of U.S. Federal Reserve's interest rate increase affecting gold prices

Standard Chartered indicated that gold prices in 2015 have proved to be more resistant than usual to frequent sharp changes in oil prices and the US dollar. It said that the current fluctuation of gold prices is due to investors' increased focus on policy developments at the U.S. Federal Reserve. It expected the price of gold to fluctuate around \$1,200 an ounce during the next three months until a broader market consensus is reached on the start of the U.S. Federal Reserve's interest rate-hiking cycle. Standard Chartered expected the purchases of safe haven assets, such as gold, to increase in coming months due to ongoing issues in the Eurozone, mainly news coming out from Greece, and because of global geopolitical risks. Also, it anticipated the Central Bank of Russia to heavily purchase gold in 2015. The price of gold bullion is forecast to gradually rise during 2015 to an average of \$1,230 a troy ounce in the second quarter, \$1,270 an ounce in the third quarter and \$1,320 a troy ounce in the fourth quarter of 2015. Overall, gold prices are forecast to remain nearly flat year-on-year at \$1,260 an ounce in 2015.

Source: Standard Chartered



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central govt. 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								
<b>Africa</b>													
Algeria	-	-	-	-	BB	-9.5	9.0	1.4	5.7	1.2	-	-15.7	-
Angola	B+	Ba2	BB-	-	BB	-4.2	38.8	27.0	56.0	15.4	57.6	-6.3	-4.7
Egypt	B-	B3	B	B-	CCC	-8.5	92.6	17.3	124.6	8.2	467.5	-3.3	-1.3
Ethiopia	B	B1	B	-	CCC	-2.9	54.3	28.9	135.9	4.4	591.0	-6.6	-3.1
Ghana	B-	B3	B	-	B	-9.2	67.2	33.8	77.3	4.5	376.2	-7.0	7.5
Ivory Coast	-	B1	B	-	B	-2.7	50.3	29.2	-	9.4	198.2	-2.3	2.6
Libya	-	-	B	-	B	-14.9	6.2	9.9	-	7.5	-	-52.8	-
Dem Rep Congo	B-	B3	-	-	-	-1.7	21.7	29.2	32.0	2.3	5.5	-10.7	6.9
Morocco	BBB-	Ba1	BBB-	-	B	-4.3	68.0	32.9	96.6	11.7	249.1	-3.4	2.7
Nigeria	B+	Ba3	BB-	-	B	-2.8	20.2	3.4	11.1	0.4	43.8	0.7	2.0
Sudan	-	-	-	-	C	-1.2	87.6	77.9	-	-	-	-4.2	3.3
Tunisia	-	Ba3	BB-	-	CCC	-3.3	49.9	55.1	100.9	8.5	367.9	-6.4	3.7
Burkina Faso	B	-	-	-	-	-3.1	21.9	21.9	-	-	-	-8.1	-
Rwanda	B+	-	B	-	-	-4.2	33.5	30.9	-	11.8	-	-10.5	2.9
<b>Middle East</b>													
Bahrain	BBB-	Baa3	BBB	BBB	BB	-12.5	60.8	118.6	-	17.5	721.6	-2.1	0.4
Iran	-	-	-	B	CCC	-3.1	12.5	1.7	-	-	-	0.8	-
Iraq	-	-	-	-	CCC	-8.7	-	-	-	-	-	-9.6	-
Jordan	BB-	B1	-	BB-	CCC	-3.2	90.7	73.3	-	9.6	205.3	-7.6	5.3
Kuwait	AA	Aa2	AA	AA-	A	8.8	8.4	20.0	-	1.2	87.5	15.7	-6.1
Lebanon	B-	B2	B	B	CCC	-8.1	143.2	110.7	-	17.7	160.8	-22.2	7.7
Oman	A-	A1	-	A	A	-13.1	9.5	17.6	-	3.7	81.8	-15	0.4
Qatar	AA	Aa2	AA	AA-	AA	1.4	24.4	64.2	-	18.0	360.3	8.4	-2.4
Saudi Arabia	AA-	Aa3	AA	AA-	A	-14.2	8.9	12.4	-	4.7	13.7	-1.0	1.0
Syria	-	-	-	-	C	-	-	-	-	-	-	-	-
UAE	-	Aa2	-	AA-	BB	-4.3	25.0	26.8	-	4.2	488.6	5.3	1.8
Yemen	-	-	-	-	CC	-5.0	47.4	13.2	-	-	-	-2.2	2.3

# 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								
<b>Asia</b>													
Armenia	-	Ba3	B+	-	-	-2.3	44.8	81.8	298.8	21.9	431.8	-8.6	4.1
	-	Negative	Stable	-	-								
China	AA-	Aa3	A+	-	BBB	-2.0	41.9	10.2	-	2.7	25.1	3.2	1.5
	Stable	Stable	Stable	-	Stable								
India	BBB-	Baa3	BBB-	-	BB	-4.1	62.6	23.6	101.9	5.6	158.2	-1.3	1.1
	Stable	Positive	Stable	-	Stable								
Kazakhstan	BBB+	Baa2	BBB+	-	BB	4.1	14.3	74.3	195.4	17.3	787.9	-4.1	3.6
	Stable	Positive	Stable	-	Stable								
<b>Central &amp; Eastern Europe</b>													
Bulgaria	BBB	Baa2	BBB-	-	BB	-1.1	20.5	87.3	122.3	20.2	261.1	0.2	2.5
	Negative	Stable	Stable	-	Stable								
Romania	BBB-	Baa3	BBB-	-	B	-1.8	40.5	54.3	132.5	19.4	249.2	-1.1	2.1
	Stable	Negative	Stable	-	Stable								
Russia	BB+	Baa3	BBB-	-	BBB	-1.9	16.2	39.0	133.7	29.1	195.0	5.4	-1.2
	Negative	-	Negative	-	Stable								
Turkey	BB+	Baa3	BBB-	BB+	B	-1.7	32.4	49.0	181.2	23.2	376.5	-4.2	1.7
	Negative	Negative	Stable	Stable	Stable								
Ukraine	CCC	Caa3	CCC	-	CC	-7.5	70.6	114.6	189.9	32.0	978.3	-1.4	2.5
	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 2015



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	29-Apr-15	No change	17-Jun-15
Eurozone	Refi Rate	0.05	15-Apr-15	No change	03-Jun-15
UK	Bank Rate	0.50	09-Apr-15	No change	11-May-15
Japan	O/N Call Rate	0.00-0.10	30-Apr-15	No change	21-May-15
Australia	Cash Rate	2.25	07-Apr-15	No change	05-May-15
New Zealand	Cash Rate	3.50	30-Apr-15	No change	N/A
Switzerland	3 month Libor target	-1.25-(-0.25)	19-Mar-15	No change	18-Jun-15
Canada	Overnight rate	0.75	15-Apr-15	Cut 25bps	27-May-15
<b>Emerging Markets</b>					
China	One-year lending rate	5.35	01-Mar-15	Cut 25bps	N/A
Hong Kong	Base Rate	0.50	29-Apr-15	No change	N/A
Taiwan	Discount Rate	1.875	26-Mar-15	No change	30-Jun-15
South Korea	Base Rate	1.75	09-Apr-15	No change	15-May-15
Malaysia	O/N Policy Rate	3.25	05-Mar-15	No change	07-May-15
Thailand	1D Repo	1.75	11-Mar-15	Cut 25bps	29-Apr-15
India	Reverse repo rate	7.50	07-Apr-15	No change	02-Jun-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	23-Apr-15	No change	11-Jun-15
Turkey	Base Rate	7.50	22-Apr-15	No change	20-May-15
South Africa	Repo rate	5.75	26-Mar-15	No change	21-May-15
Kenya	Central Bank Rate	8.50	04-Feb-15	No change	01-May-15
Nigeria	Monetary Policy Rate	13.00	24-Mar-15	No change	19-May-15
Ghana	Prime Rate	21.00	18-Feb-15	Raised 200bps	13-May-15
Angola	Base rate	9.25	30-Mar-15	Raised 25bps	N/A
Mexico	Target Rate	3.00	30-Apr-15	No change	4-Jun-15
Brazil	Selic Rate	12.75	29-Apr-15	No change	3-Jun-15
Armenia	Refi Rate	10.50	10-Feb-15	Raised 100bps	N/A
Romania	Policy Rate	2.00	01-Apr-15	Cut 25bps	N/A
Bulgaria	Base Interest	0.01	01-Apr-15	No change	N/A
Kazakhstan	Refi Rate	5.50	04-Jan-13	No change	N/A
Ukraine	Discount Rate	30.0	03-Mar-15	Raised 1050bps	28-May-15
Russia	Refi Rate	14.0	30-Apr-15	No change	15-Jun-15



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](mailto:research@byblosbank.com.lb)  
[www.byblosbank.com](http://www.byblosbank.com)

---

The Country Risk Weekly Bulletin is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from the Country Risk Weekly Bulletin may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.



---

# 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.  
Damascus Head Office  
Al Chaalan - Amine Loutfi Hafez Street  
P.O.Box: 5424 Damascus - Syria  
Phone: (+ 963) 11 9292 - 3348240/1/2/3/4  
Fax: (+ 963) 11 3348205  
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 2233457/8/9 - 2560017/9  
E-mail: erbilbranch@byblosbank.com.lb

Baghdad Branch, Iraq  
Al Karrada - Salman Faeq Street  
Al Wahda District, No. 904/14, Facing Al Shuruk Building  
P.O.Box: 3085 Badalat Al Olwiya – Iraq  
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2  
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq  
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq  
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919  
E-mail: basrabranch@byblosbank.com.lb

## 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 6336050 - 2 6336400  
Fax: (+ 971) 2 6338400  
E-mail: abudhabirepoffice@byblosbank.com.lb

## ARMENIA

---

Byblos Bank Armenia CJSC  
18/3 Amiryan Street - Area 0002  
Yerevan - Republic of Armenia  
Phone: (+ 374) 10 530362  
Fax: (+ 374) 10 535296  
E-mail: infoarm@byblosbank.com

## CYPRUS

---

Limassol Branch  
1, Archbishop Kyprianou Street, Loucaides Building  
P.O.Box 50218  
3602 Limassol - Cyprus  
Phone: (+ 357) 25 341433/4/5  
Fax: (+ 357) 25 367139  
E-mail: byblosbankcyprus@byblosbank.com.lb

## BELGIUM

---

Byblos Bank Europe S.A.  
Brussels Head Office  
Rue Montoyer 10  
Bte. 3, 1000 Brussels - Belgium  
Phone: (+ 32) 2 551 00 20  
Fax: (+ 32) 2 513 05 26  
E-mail: byblos.europe@byblosbankeur.com

## UNITED KINGDOM

---

Byblos Bank Europe S.A., London Branch  
Berkeley Square House  
Berkeley Square  
GB - London W1J 6BS - United Kingdom  
Phone: (+ 44) 20 8518 8100  
Fax: (+ 44) 20 8518 8129  
E-mail: byblos.london@byblosbankeur.com

## FRANCE

---

Byblos Bank Europe S.A., 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  
Khartoum Head Office  
Intersection of Mac Nimer and Baladiyya Streets  
P.O.Box: 8121 - Khartoum - Sudan  
Phone: (+ 249) 1 56 552 222  
Fax: (+ 249) 1 56 552 220  
E-mail: byblosbankafrica@byblosbank.com

## NIGERIA

---

Byblos Bank Nigeria Representative Office  
161C Rafu Taylor Close - Off Idejo Street  
Victoria Island, Lagos - Nigeria  
Phone: (+ 234) 706 112 5800  
(+ 234) 808 839 9122  
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

## DEMOCRATIC REPUBLIC OF CONGO

---

Byblos Bank RDC S.A.R.L  
Avenue du Marché No. 4  
Kinshasa-Gombe, Democratic Republic of Congo  
Phone: (+ 243) 81 7070701  
(+ 243) 99 1009001  
E-mail: byblosbankrdc@byblosbank.com

## 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

