

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **M&As up 25% to \$1,420bn in the first 9 months, emerging markets deals up 52% to \$357bn**

Global merger & acquisitions (M&A) activity reached \$1,420bn in the first 9 months of 2010, constituting an increase of 25% from \$1,380bn in the same period last year; while the number of deals totaled 8,010 announced deals, up 16.7% from 6,864 deals in the first 9 months of 2009. A total of 515 deals announced in the first 9 months of 2010 had a value exceeding \$500m each, up 59.4% from 323 deals in the same time period last year; and were equivalent to 6.4% of announced deals in the covered period, the highest share since 2007. The average deal size in the third quarter of 2010 was \$313m, the lowest since 2005, but only 2.9% lower than the 2009 average of \$322m. Cross-border transactions between regions accounted for 27.5% of global M&As in value, while emerging markets posted \$357bn worth of deals announced year-to-September, up 52% year-on-year. Further, the average EBITDA multiple across global M&As for the first three quarters of the year was 14.4x, the highest since 2008; while the average premium paid was 17.7%, lower than the average premium of 47% paid in 2009 but slightly higher than the 2007 premium average of 11.4%.

North America accounted for 41.1% of the value of global deals and 34% of the number of deals in the first 9 months of 2010, followed by Western Europe with 18% in value and 22.3% in number, North Asia with 6.5% in value and 9.3% in number, Central & Eastern Europe with 3.8% of value and 4.9% in number of deals, Australasia with 3.6% in value and in number, and the Middle East & Africa with 2.8% of the value and 2.5% of the number of deals. M&As deals in energy, mining & utilities totaled \$368bn and accounted for 26% of the total. They were followed by industrial & chemicals with \$181.6bn (12.8%), financial services with \$156.8bn (11%), telecommunications with \$138.3bn (9.7%) and pharmaceuticals, medical & biotech with \$121.5bn (8.6%) as the top sectors for M&As.

*Source: Mergermarket Group*

##### **Corporate default rate at 4% at end-September 2010**

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 4% at the end of the third quarter of 2010, down from 6.2% at the end of the second quarter of 2010, 13% at the end of 2009 and 13.2% at end-September 2009. The agency forecast the global speculative-grade default rate to fall to 2.7% at the end of the year and to 2% at the end of September 2011. It noted that default expectations remain stable despite soaring pricing of some high yield debt. It added that realized defaults fell below its forecasted levels, but that risks remain. Measured on a dollar volume basis, the global speculative-grade bond default rate ended September at 2%, down from 3.1% at the end of the previous quarter and 17.6% a year earlier. Moody's added that its speculative-grade corporate

distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, stood at 15% at end-September down from 16% at the end of the previous quarter, 19.3% at the end of 2009 and 32.5% at end-September 2009.

*Source: Moody's Investors Service*

#### MENA

##### **New \$1bn fund to invest in infrastructure**

The World Bank Group, in cooperation with the Islamic Development Bank (IDB), announced plans to raise up to \$1bn to invest in infrastructure projects in the Middle East and North Africa. It said the two institutions will be potential anchor investors in a regional investment vehicle to support both conventional and Shariah-compliant investments in infrastructure. It added that the region needs to invest between \$75bn and \$100bn a year to sustain high growth rates and to improve economic competitiveness. It noted that private sector investment in infrastructure in MENA countries is limited, especially in non-GCC countries, despite large unmet demand for infrastructure services. It added that the proposed initiative would include technical assistance to help governments tackle legal, policy and institutional constraints to public-private partnerships, and develop cross-border infrastructure projects vital to regional integration and competitiveness. The Bank indicated that the IDB and the International Finance Corporation will explore ways to provide project finance in both conventional and Shariah-compliant products, which would seek to attract private investors, especially from Gulf countries. World Bank lending to the MENA region for infrastructure, including electricity, transport and water, has exceeded \$1bn a year; while the IFC has invested more than \$1bn in infrastructure projects over the past four years.

*Source: World Bank*

##### **Private equity firms to reconsider strategies**

Booz & Co. indicated that the MENA region holds specific opportunities for disciplined, experienced and connected private equity firms. It noted that, after a period of significant growth, the down market from the global crisis has affected substantially the industry. It said many players have swiftly changed their structures and approach to markets, redesigned their due diligence processes, and strengthened their operational teams. Further, it expected the survivors of the financial crisis to opt for increased specialization, greater emphasis on earlier stage investing and SMEs, improved economics for investors and more operationally focused sector-specific teams. It estimated that the large number of funds competing for acquisitions may lead fund managers to re-think their investments or value creation strategies. It expected private equity firms to specialize, identify sustainable investment ideas, create value within their portfolio companies, reduce risks and gain the trust of the best possible investment partners.

*Source: Booz & Co.*

---

# OUTLOOK

---

## MENA

### **Growth at 4% in 2010 and 5% in 2011, key risk is volatile global environment**

The World Bank projected economic growth in the Middle East & North Africa region at 4.1% in 2010 relative to 2% in 2009, and compared to growth of 4.5% for developing nations and 5.6% for advanced economies this year. It also forecast growth in the region's oil exporters at 3.7% this year, with GCC growth at 4.2% and developing oil exporters at 2.9%; while it expected real GDP growth in the region's oil importing countries at 4.9% in 2010, including growth rates of 6.5% for oil importers with GCC links and 4.6% for importers with EU links. It expected the current account balance in the region to post a surplus of 5.8% of GDP this year and 6.9% of GDP next year, with a surplus of 8.4% of GDP in oil exporters and a deficit of 4.8% of GDP in oil importers in 2010. Further, it projected the region's fiscal balance to post a surplus of 0.6% of GDP this year, with a surplus of 2.4% of GDP in oil exporters and a deficit of 6.8% of GDP for oil importers.

The Bank indicated that the recovery in the MENA region has been driven by the global economic rebound and, to varying degrees, by domestic stimulus. It noted, however, that the region's economic recovery has been much less vigorous than in countries that suffered sharp output contractions. It added that the factors that helped the region avoid severe recession, such as high public spending, state dominance and lack of integration with the global economy, are now slowing down its recovery's pace. The Bank considered that the sustainability of the recovery in GCC economies depends on developments in the rest of the world, and on the extent to which they affect oil markets. It added that tight credit conditions, particularly in interbank markets, pose another threat to the economic recovery in the GCC, as private sector credit growth remains anemic due to the uncertainty from ongoing debt restructuring and the spillovers from the Dubai World events. Further, it stated that developing oil exporters are more vulnerable than GCC oil exporters to a sharp decline in oil prices as they have much more limited fiscal space to respond to terms-of-trade shocks. In parallel, it said oil importers' recovery depends on developments in key markets, as developments in Europe and slow credit growth in some countries are expected to affect growth in 2010.

*Source: World Bank*

## IRAQ

### **Nominal GDP to double every six-year**

Merrill Lynch projected Iraq's real GDP growth at 4.9% in 2010 and 8.5% in 2011, with non-oil growth at 6% this year and next year. It expected the Iraqi economy to double in size every 6 years under a base case scenario of oil production of 6.7 million barrels per day by 2025, with real GDP averaging 7% over the period. It noted that nominal GDP is likely to have already tripled in 2010 from 2004 levels due to higher oil production and prices. It noted that nominal GDP could reach \$142bn by 2015 from a projected \$74.8bn in 2010. It said Iraq remains one of the most promising prospects in emerging markets, as it sits on 115 billion barrels of proven oil reserves, the third largest in the world, and is a low-cost producer near major Asian and

European markets. Further, estimates of Iraq's total oil reserves, including unexplored fields, range from 200 billion to 300 billion barrels; and the country has gas reserves amounting to 110 trillion cubic feet, and another 150 trillion cubic feet in probable reserves. It added that Iraq has the lowest reserve-to-production ratio of the major oil-producing countries, suggesting huge upside potential once the aged and underinvested industry revives with the participation of international oil companies.

In addition, Merrill Lynch indicated that the country offers vast potential for post-war reconstruction and has received an 80% cut on its Paris Club and commercial debt. It said long-term Iraq reconstruction costs could exceed \$100bn, more than one-third of which could go to energy infrastructure. It noted, however, that the outlook depends on political stability and improved security conditions, which have so far kept Iraq significantly below its potential. In parallel, it expected gross official reserves to increase from \$57bn at end-2009 to \$126bn at end-2015, which include Central Bank of Iraq (CBI) foreign reserves, balances at the Development Fund for Iraq as well as Ministry of Finance deposits at the CBI.

*Source: Merrill Lynch*

## AFRICA

### **Growth at 5% in 2010 and 5.5% in 2011, key risk is slowdown in global recovery**

The International Monetary Fund projected economic growth in Sub-Sahara Africa (SSA) at 5% in 2010, up from 2.6% in 2009, and compared to growth of 7.1% for emerging and developing economies and 4.8% for the global economy this year. It also forecast growth in the region to improve to 5.5% in 2011, relative to 6.4% in emerging markets and 4.2% for the global economy. The Fund's projections for the region are unchanged for 2010 but are down by 0.4 percentage points for 2011 from its July forecast. It indicated that strong macroeconomic fundamentals through much of the region make it well positioned to benefit from the global recovery under way. It said the region's growth outlook is supported not only by the recovery in exports and commodity prices, but also by robust domestic demand in a number of economies. It noted that the outlook for foreign inflows to the region remains uncertain, even though official flows, FDI, and remittances were less affected by the global downturn than had been feared.

The IMF considered that the primary risk to the outlook for the region is a faltering global recovery, adding that different economies in the region have differing exposures. It said that spillovers from a global slowdown would be reflected primarily through its impact on oil prices for oil-exporting economies. In contrast, exposure of middle- and low-income economies comes from their exports to Europe, which account for about one-third of total exports and nearly four times the share of their exports to the United States. It added that continued weakness and measures to cut budget deficits in advanced economies may affect SSA's low-income economies by reducing aid and private financial flows to the region. It noted that, with the recovery underway, fiscal policies in many economies in the region should begin addressing medium-term priorities.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## WORLD

### Coordinated approach needed on major economic and financial issues

The Institute of International Finance declared that authorities in the Group of 20 economies need to pursue highly coordinated, multilateral approaches to address the major economic, exchange rate, and financial regulatory reform issues. It stressed the importance of taking into account the serious impact on economic recovery and employment that could result from regulatory reforms of the financial system. It said such challenges will require well-timed policymaking in major economies and unprecedented levels of determined leadership in the G-20 countries. It indicated that actions that need to be taken in coming weeks include rolling-back protectionist measures in trade and finance; developing credible medium-term plans for reducing fiscal deficits and the forceful commitment to implement these plans; and, formulating an agenda for action on current account imbalances between the major deficit and surplus economies to prevent excessive and dangerous new imbalances and the escalation of unilateral exchange rate actions.

Source: *Institute of International Finance*

## MENA

### Net private capital inflows at \$86bn in 2010

The Institute of International Finance estimated total net private capital flows to the Middle East & Africa region at \$86bn in 2010, up from \$46.5bn in 2009 and from an April forecast of \$66.4bn, and accounting for 10.4% of overall flows to emerging markets this year. The IIF projected net equity investment to the region at \$61.3bn in 2010 and \$68bn in 2011, up from \$46.7bn in 2009. It forecast net direct investment at \$51.2bn this year and \$61.1bn next year, compared to \$49bn last year, while it expected net portfolio investments to shift from outflows of \$2.4bn in 2009 to inflows of \$10.2bn in 2010 and \$6.7bn in 2011. Also, it forecast net commercial bank lending to shift from net outflows of \$5.6bn in 2009 to net inflows of \$12.8bn in 2010 and \$9.7bn in 2011. It expected net non-bank private lending inflows to increase from \$5.4bn in 2009 to \$12bn in 2010 and \$7.4bn in 2011. The IIF expected most of the inflows in 2011 and 2011 to be foreign direct equity investments, which held up well during the global economic crisis. It noted that the increase in total flows this year reflects mainly a turnaround in bank credit and a sharp increase in inflows from other private sectors.

Source: *Institute of International Finance*

## ALGERIA

### Government to revise minority ownership rule

The Ministry of Finance is looking to revise a rule imposed in 2009 that mandates foreign investors wishing to operate in Algeria to establish a joint venture with an Algerian partner with a maximum stake of 49% for the foreign company. The draft law aims to allow foreign companies a 100% stake in Algerian-based businesses on the condition that they sell 51% of their stake after three years in an IPO on the Algerian stock market. The law will not be applied retroactively and will only be applicable to new projects. The law is expected to be included in the

State Budget Law of 2011 by early next year or in the Supplementary Budget Law by mid-2011. The government has issued a series of rules in recent months that negatively impact the business environment for foreign firms considering doing business or currently present in the country.

Source: *Al Khabar*

## ARMENIA

### Country risk improves

Euromoney magazine's semi-annual survey on global country risk shows that risk in Armenia improved in the past 6 months as well as on an annual basis. Armenia received a score of 49 points in September 2010, up from 43.7 points in March 2010 and 45.8 points in September 2009. The survey ranked Armenia in the 83rd place among 185 countries included in the survey, unchanged from March 2010 and up from 85th place in September 2009. Armenia ranked ahead of Pakistan, Gabon and Argentina and behind Albania, Libya and El Salvador. Also, it ranked in 21st place among 55 Lower Middle Income Countries (LMICs) countries, down from the 16th position in March 2010 and 12th place in September 2009. It came ahead of Azerbaijan, Bolivia and Macedonia (FYR) and before Albania, El Salvador and Paraguay. Armenia's political risk score was 13.3 points, better than the LMICs average of 13.1 points; while its economic performance received 14.15 points, lower than the LMICs average of 15.7 points. Further, Armenia's credit ratings score was 2.81 points compared to the LMICs average of 2.04 points, while its score on access to bank capital & capital markets was 4 points relative the LMICs average of 4.22 points.

Source: *Euromoney, Byblos Research*

## UKRAINE

### Outlook changed to stable on improved liquidity and growth

Moody's Investors Service changed the outlook on Ukraine's 'B2' government bond ratings to 'stable' from 'negative'. It also changed to 'stable' from 'negative' the outlook on Ukraine's 'B1' foreign currency bond ceiling and its 'B3' foreign currency deposit ceiling. It attributed the change in outlook to the government's improved external liquidity following the new \$15.1bn IMF Stand-By Agreement and the successful \$2bn Eurobond issue in September; as well as to the narrowing of the country's macroeconomic imbalances as reflected by a significant balance-of-payments adjustment and, more recently, a resumption of economic growth. It added that, along with the fresh infusion of funds, the IMF program's conditions are one of the factors that have improved the investment climate, thereby facilitating the successful Eurobond issuance. It said the IMF program targets budget deficits of 5.5% and 3.5% of GDP in 2010 and 2011, respectively, through a reform of the tax system and the social security system, along with expenditure cuts and efficiency gains in the tax administration. Moody's said Ukraine's economic recovery remains fragile, as the rebound in activity is starting from a very low base after a contraction of around 15% in 2009. It said the main recovery risks lie in a weakening of exports from the country's vulnerable steel industry particularly, and a non-supportive banking system given the significant non-performing loan levels and considerable capital needs.

Source: *Moody's Investors Service*



# BANKING

## WORLD

### Global bank write-downs at \$2,210bn

The International Monetary Fund estimated actual and potential global bank write-downs at \$2,210bn on bank holdings of loans and securities for the 2007-2010 period, down from \$2,276bn in April and \$2,809bn last October. It attributed the decline mainly to a fall in securities losses, as well to banks having made further progress in realizing the writedowns, with more than three quarters already reported. It estimated total realized bank write-downs on loans at \$1,662bn till end-June 2010 and the expected additional writedowns or loss provisions at \$548bn in the second half of the year. It said U.S. banks account for \$878bn, or 40% of global writedowns; followed by Euro area banks with \$630bn or 29% of the total. Further, United Kingdom banks account for \$431bn, or 20% of total write-downs; other mature Europe banks with \$156bn, or 7%; and Asian banks with \$115, or 5% of the total. It said cumulative losses at U.S. banks account for 7% of the size of the U.S. banking sector, while such losses account for 5.2% of the size of the UK banking system, 2.8% of the size of Euro area banks, 3.9% of the banking sector of other mature Europe, and 1.5% of the Asian banking sector. The Fund noted that \$1,555bn of write-downs have been recognized by the end of 2009, as U.S. domiciled banks have recognized about 77% and U.K. banks realized about 78% of anticipated write-downs, while euro area banks realized 62.4%, other mature European countries recognized 52.6%, and Asia realized 20% of write-downs. The IMF added that the \$2,210bn in realized and expected global losses represent 4% of the overall outstanding market for loans and securities.

Source: *International Monetary Fund*

### Basel Committee issues principles of corporate governance for banks

The Basel Committee on Banking Supervision issued a final set of principles for improving sound corporate governance practices at banks. It said the principles provide a reference point for promoting the adoption of sound corporate governance practices by banks in their countries, and serve as a reference point for the banks' own corporate governance efforts. It indicated that the public and the market have a high degree of sensitivity to any difficulties potentially arising from corporate governance shortcomings in banks, given the important financial intermediation role of banks in an economy. It added that corporate governance is relevant both to individual banks and to the international financial system as a whole, and merits targeted supervisory guidance. It said the key principles of corporate governance include the role of the board; the qualifications and composition of the board; the importance of an independent risk management function, including a chief risk officer or equivalent; the importance of monitoring risks on an ongoing firm-wide and individual entity basis; the board's oversight of the compensation systems; and the board and senior management's understanding of the bank's operational structure and risks. It added that the principles also emphasize the importance of supervisors regularly evaluating the bank's corporate governance policies and practices as well as its implementation of the Basel Committee's principles.

Source: *Bank for International Settlements*

## SYRIA

### Private sector accounts for 45% of credits, private banks extend 17% of lending

Figures released by the Central Bank of Syria indicate that total credits extended by commercial banks reached SYP 1,141bn, or about \$24.4bn, at the end of July 2010, constituting an increase of 11% from SYP 1,028bn at end-2009 and a rise of 21.5% from end-July 2009. Credits in Syrian pounds accounted for 97% of the total relative to 98% a year earlier, and foreign currency loans accounted for the remaining 3%. Loans to non-financial public enterprises accounted for 47% of total lending, unchanged from a year earlier, followed by resident private sector lending with 45% relative to 43% at end-July 2009, while the central government accounted for the remaining 7%. Households accounted for 74% of resident private sector lending, followed by businesses with 26%. Households and businesses represented 77.4% and 22.4%, respectively, of resident private sector lending at end-July 2009.

Further, the sectoral distribution of credit shows that wholesale & retail trade accounted for 51% of the total, followed by building & construction with 14%; agriculture with 12%; mining, manufacturing & utilities with 8%, while other activities accounted for the remaining 15%. Also, public commercial banks accounted for 80% of total lending at end-July 2010, down from 85% a year earlier, while private commercial banks accounted for 17% relative to 13% at end-July 2009 and private Islamic banks for the remaining 3%. Loans & advances accounted for 63.1% of private banks' lending, followed by personally secured credits & overdrafts with 20.5%, and discounts with 14%. Private commercial banks' lending rose by 29% from end-2009 and by 54.5% year-on-year, while credits by state-owned banks increased by 14.8% and Islamic banks' activity grew by 93% on an annual basis at end-July 2010. The weighted average interest rate was 8.05% on short-term loans, 8.26% on medium-term loans and 9.18% on medium-term loans in July 2010; while the weighted average rate on discounted bills was 10%.

Source: *Central Bank of Syria, Byblos Research*

## TURKEY

### Outlook on 17 banks changed to positive

Moody's Investors Service changed the outlook to 'positive' from 'stable' on the 'Ba3' foreign-currency deposit ratings of 16 Turkish banks, on the 'Ba1' issuer rating of Export Credit Bank of Turkey and on the 'Ba1' foreign-currency senior unsecured debt rating of Akbank's Eurobond issuance. It attributed the outlook changes to its earlier decision to revise the outlook to 'positive' from 'stable' on Turkey's 'Ba3' country ceiling for foreign-currency deposits and 'Ba1' country ceiling for foreign-currency debt. The banks affected by the decision include Akbank, Denizbank, T.C. Ziraat Bankasi, Turk Ekonomi Bankasi, Turkiye Garanti Bankasi, Turkiye Halk Bankasi, Turkiye Is Bankasi, Turkiye Vakiflar Bankasi, and Yapi ve Kredi Bankasi.

Source: *Moody's Investors Service*



# ENERGY / COMMODITIES

## Oil rises above \$83 on dollar weakness

Oil prices rose above \$83 a barrel on October 13 as the dollar fell due to expectations of more monetary easing by the U.S. and on news that China's crude imports increased in September. U.S. crude for November delivery rose by \$1.34 to settle at \$83 per barrel, having traded from \$81.68 to \$83.45. ICE Brent for November crude rose \$1.14 to \$84.64 a barrel. U.S. stock indices were boosted by strong company earnings and the anticipation of more government debt purchases by the Federal Reserve. China's crude oil imports rose by 35% in September from a year earlier, where the International Energy Agency (IEA) said that China had overtaken the United States as the world's largest energy consumer. The IEA expected oil demand to accelerate for the rest of 2010, but it revised downwards its demand expectation for 2011. OPEC signaled that it will keep output targets steady, but there have been calls for more target compliance and concerns about the declining value of the dollar.

Source: Thomson Reuters

## Masdar City to be delayed and not 100% powered by on-site renewable energy

Abu Dhabi Future Energy Co., better known as Masdar, has revised the delivery timeline for its planned carbon-neutral city. It said the one million square meter Phase 1 is now scheduled for completion in 2015 and the final build-out for the 2020-25 period. A review of the Masdar initiative allowed the company to cut its original budget of \$22bn by 10-15% without changing original targets. It added that the project will no longer rely solely on on-site clean energy sources. Instead, the purchase of renewable energy from off-site locations may also be utilized as energy demands increase over the project's lifetime.

Source: Dow Jones Newswires

## Iraq to increase oil output

Iraq's crude oil production is expected to increase by 200,000 to 300,000 barrels a day by next year, and the country is planning to raise output to 12 million barrels a day in six years. Iraq increased the estimate of its proven oil reserves in early October, the first revision to the data since 2001. The latest estimates raise total proven reserves more than 24% to 143.1 billion barrels of oil, up from 115 billion barrels.

Source: Dow Jones Newswires

## Jordan seeks foreign investments in energy projects

Jordan's government is seeking investments from Mitsubishi Corporation and other Japanese companies in energy projects worth about \$14bn. Jordan imports 96% of its energy needs and estimates that electricity demand will almost double in the next decade to 5,200 megawatts. The country is also planning to develop wind, solar and geothermal power. Jordan aims to get 10% of its electricity from renewable sources by 2020, while nuclear power is forecast to account for as much as 10% and oil shale for 14%.

Source: Bloomberg

## Base Metals: Aluminum and Copper prices on the rise

Aluminum prices recovered against the backdrop of the economic recovery and the confidence of sustainable growth in China. The cost remains stable and rising input costs put some producers on the verge of being profitable. However, the structural challenge of oversupply remains prevalent. Chinese energy savings measures recently improved sentiment in the aluminum market and pushed prices to elevated levels. In the longer term, the unique characteristics of aluminum point to solid demand growth.

Copper prices have been rising on signs of improving economic activity and strong Chinese demand in particular. Fears of increasing stocks and overdrawn policy measures in China diminished as the government aims at reaching sustainable growth. Inventories are declining and regional copper spot premiums point to tightening supply. Copper's longer-term fundamentals remain solid on the back of globally declining ore grades and previous under-investment in the sector.

Source: Julius Baer

## Precious Metals: Gold records ten weeks of consecutive gains

Gold prices rose by more than \$185 per ounce since the end of July, nearly touching \$1,350 per ounce. During this period, gold recorded 10 weeks of consecutive gains. In the world's largest physically-backed gold ETF, the ratio of puts to calls has risen to the highest level on record. In terms of strike level and maturity, more than 70% of the puts are ranging between \$1,100 and \$1,300 per ounce with around 90% of them expiring before the end of January 2011. Most of the week's gains were due to the weakening of the U.S. dollar, which has already been shorted strongly by speculative market participants.

Investors appear to be seeking short-term downside protection after the dynamic rally. However, as the put-call ratio remains above one, there is still a projection of gold price increases in the market. In terms of physically-backed gold funds, there were outflows of more than five tons, while gold prices added more than \$20 per ounce. Also, signs of profit taking on October 13 existed after prices retreated from record levels and investors sold more than 13 tons of their holdings.

Source: Julius Baer

Global Commodity Prices				
Industrial Metals (\$/ton)	2008	2009	2010P	2011P
Copper	6,886	5,183	7,374	8,125
Aluminum	2,585	1,677	2,148	2,125
Lead	2,095	1,755	2,091	2,000
Nickel	21,220	14,890	21,195	21,250
Zinc	1,901	1,740	2,118	2,100
Precious Metals (\$/ounce)				
Gold	872	974	1,194	1,265
Silver	15.0	14.7	18.2	19.5
Palladium	323	261	476	555
Platinum	1,547	1,212	1,601	1,815
Rhodium	6,564	1,595	2,511	2,850

Source: Credit Suisse



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Africa</b>													
Algeria	-	-	-	-	BB	-7.9	20.0	2.7	5.9	3.0	-	-2.4	0.9
Angola	B+	B1	B+	-	B	-1.9	20.2	21.2	39.7	9.5	116.6	-9.5	5.0
Egypt	BB+	Ba1	BB+	BBB-	BB	-7.0	73.2	16.8	43.9	10.2	107.7	-2.4	3.6
Ethiopia	-	-	-	-	CCC	-2.3	-	12.2	220.5	-	-	-6.7	-
Ghana	B	-	B+	-	B	-9.8	-	34.5	94.7	-	-	-8.3	-
Ivory Coast	-	-	-	-	CCC	-1.6	-	49.4	107.6	-	-	7.3	-
Libya	A-	-	BBB+	-	BB	1.8	3.9	8.6	16.0	3.4	-	13.9	2.2
Mauritania	-	-	-	-	-	-5.1	-	6.7	149.3	-	-	-12.7	-
Morocco	BBB-	Ba1	BBB-	BBB-	BB	-3.1	47.2	26.8	95.5	8.6	113.7	-5.0	1.5
Nigeria	B+	-	BB-	-	B	-4.4	12.3	5.5	18.5	0.7	-	12.4	3.1
Sudan	-	-	-	-	C	-2.6	105.3	66.3	482.4	3.6	-	-5.2	-
Tunisia	BBB	Baa2	BBB	BBB	BB	-1.9	46.7	55.4	105.6	15.8	208.3	-2.8	3.9
<b>Middle East</b>													
Bahrain	A	A3	A	A	BBB	-5.2	24.2	169.6	246.4	7.2	991.9	1.4	0.8
Iran	-	-	B+	BB-	B	-0.9	17.0	3.5	13.4	3.2	-	0.1	0.25
Iraq	-	-	-	-	CC	-4.6	-	97.7	178.7	2.2	165.3	2.1	1.4
Jordan	BB	Ba2	-	BB	B	-8.9	63.5	63.1	135.2	4.6	133.1	-5.5	10.1
Kuwait	AA-	Aa2	AA	AA-	A	15.4	6.9	20.7	38.8	4.0	133.0	25.3	-2.6
Lebanon	B	B1	B	B	CCC	-8.6	136.3	100.6	738.9	18.5	135.3	-10.8	8.0
Oman	A	A2	-	A	A	-9.1	6.5	28.1	46.9	-	109.1	0.6	4.3
Qatar	AA-	Aa2	-	AA-	A	10.4	32.4	74.9	202.7	15.2	412.0	14.3	8.8
Saudi Arabia	AA-	Aa3	AA-	AA-	BBB	1.1	13.2	22.5	42.7	2.7	20.2	4.9	5.4
Syria	-	-	-	BB-	B	-9.4	30.1	15.0	63.6	1.0	43.3	-0.6	2.6
UAE	-	Aa2	-	AA-	BB	0.4	21.3	61.8	74.1	7.9	359.0	-2.6	-0.4
Yemen	-	-	-	B	CC	-10.3	-	23.6	113.8	-	-	-8.2	-



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Central &amp; Eastern Europe</b>													
Armenia	-	Ba2	BB-	-	-	-8.2	40.4	55.7	654.2	-	248.4	-15.4	8.0
	-	-	Stable	-	-								
Bulgaria	BBB	Baa3	BBB-	-	BB	-3.8	14.8	77.3	159.8	19.8	220.1	-9.4	9.8
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB-	Baa2	BBB-	-	BB	-3.9	9.3	94.7	230.8	40.1	553.7	-2.9	8.1
	Stable	-	Negative	-	Stable								
Romania	BB+	Baa3	BB+	BBB-	BB	-8.3	23.7	68.1	226.6	29.9	279.7	-4.5	3.8
	Negative	-	Stable	Negative	Stable								
Russia	BBB	Baa1	BBB	-	BBB	-5.7	7.1	38.3	136.3	11.6	110.9	4.0	-0.6
	Stable	Positive	Stable	-	Stable								
Turkey	BB	Ba2	BB+	BB	B	-5.5	45.5	45.1	194.5	45.1	400.1	-2.8	1.2
	Positive	Positive	Stable	Stable	Stable								
Ukraine	B+	B1	B	-	CCC	-6.4	30.2	88.6	191.1	43.9	407.9	-1.5	4.0
	Stable	Positive	Negative	-	Stable								

Sources: Moody's Investors Service; Economist Intelligence Unit - The above figures are estimated for 2009



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	21-Sep-10	No change	03-Nov-10
Eurozone	Refi Rate	1.00	07-Oct-10	No change	04-Nov-10
UK	Bank Rate	0.50	07-Oct-10	No change	04-Nov-10
Japan	O/N Call Rate	0.10	05-Oct-10	No change	28-Oct-10
Australia	Cash Rate	4.50	05-Oct-10	No change	02-Nov-10
New Zealand	Cash Rate	3.00	16-Sep-10	No change	28-Oct-10
Switzerland	3 month Libor target	0.25	16-Sep-10	No change	16-Dec-10
Canada	Overnight rate	1.00	08-Sep-10	Raise 25bps	19-Oct-10
<b>Emerging Markets</b>					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	21-Sep-10	No change	03-Nov-10
Taiwan	Discount Rate	1.50	30-Sep-10	Raise 12.5bps	Dec-10
South Korea	Base Rate	2.25	09-Sep-10	No change	14-Oct-10
Malaysia	O/N Policy Rate	2.75	02-Sep-10	No change	12-Nov-10
Thailand	1D Repo	1.75	25-Aug-10	Raise 25bps	20-Oct-10
India	Reverse repo rate	6.00	16-Sep-10	Raise 25bps	02-Nov-10
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 50bps	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	7.00	16-Sep-10	No change	04-Oct-10
South Africa	Repo rate	6.00	09-Sep-10	Cut 50bps	18-Nov-10
Kenya	Central Bank Rate	6.00	23-Sep-10	No change	Nov-10
Nigeria	Monetary Policy Rate	6.00	21-Sep-10	Raise 25bps	Nov-10
Ghana	Prime Rate	13.50	24-Sep-10	No change	01-Nov-10
Angola	Rediscount rate	30.00	16-Jun-10	No change	N/A
Mexico	Target Rate	4.50	24-Sep-10	No change	15-Oct-10
Brazil	Selic Rate	10.75	01-Sep-10	No change	20-Oct-10
Armenia	Refi Rate	7.25	12-Oct-10	No change	N/A
Romania	Policy Rate	6.25	04-Aug-10	No change	N/A
Bulgaria	Base Interest	0.17	01-Oct-10	No change	N/A
Kazakhstan	Refi Rate	7.00	01-Oct-10	No change	N/A
Ukraine	Discount Rate	7.75	10-Aug-10	Cut 75bps	N/A
Russia	Refi Rate	7.75	01-Jun-10	Cut 25 bps	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](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  
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: aabelkader@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  
Bussels 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

## ENGLAND

---

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

