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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Risk sharing arrangement to support $750m in trade finance

The OPEC Fund for International Development (OFID) and the International Finance Corporation joined Intesa Sanpaolo in a €250m, up to three-year risk-sharing facility, to support trade transactions originated through emerging-market banks in up to 47 countries. The project aims to support at least $750m in incremental trade finance by September 2012 through Intesa Sanpaolo's network of issuing banks in emerging markets. The IFC will provide risk sharing with Intesa Sanpaolo for up to €100m, and OFID will provide a counter-guarantee to IFC for up to $50m, while Intesa Sanpaolo will act as the facility's global partner bank. The initiative will support banks and companies in Europe and Central Asia, and will facilitate trade finance in Latin American and the Caribbean, Asia, and Africa. The IFC said the investment marks the beginning of the second phase of the multi-stakeholder Global Trade Liquidity Program, which has supported over $8bn in trade finance so far. The program's second phase is an unfunded risk-mitigation program that mobilizes risk-sharing capacity from development finance institutions and governments to benefit emerging-market issuing banks and companies in the real sector.
Source: International Finance Corporation

MENA

M&As up 49.5% to $36bn year-to-September

Merger & acquisition (M&A) activity in the Middle East and Africa region reached $36bn in the first 9 months of 2010, constituting an increase of 49.5% from $24bn in the same period last year; while it included 207 announced deals, up 9% from 190 deals in the first 9 months of 2009. The region's M&As accounted for 2.8% of the value of global M&A activity and 2.5% of the number of global deals. The top 10 announced deals had a value exceeding $600m each and totaled $23.7bn, which accounted for 54% of total M&As in the region. M&A deals in telecommunications reached $11.1bn and accounted for 30.8% of the total. They were followed by energy, mining & utilities with $5.7bn (15.8%), financial services with $5.5bn (15.2%), business services with $3.2bn (8.8%), leisure with $3.1bn (8.7%), real estate with $2bn (5.5%), and industrials & chemicals with $1.6bn (4.5%) as the top sectors for M&As in the covered period. Activity included 35 deals in industrials & chemicals; followed by 32 deals in each of financial services and energy, mining & utilities; 21 deals in each of technology and consumer services; 17 deals in business services; 10 deals in real estate; and 9 deals in pharmaceuticals, medical & biotechnology. The value of deals in the leisure sector jumped by 1,581% year-on-year, business services rose by 1,500%, financial services increased by 120%, energy, mining & utilities rose by 93.2%, while telecom deals declined by 12% year-on-year.
Source: Mergermarket

Gender gap continues to be wide in Arab world

The World Economic Forum's Global Gender Gap Index for 2010 shows that the Middle East & North Africa region continues to have the widest gender gap in the world, as its average score of about 0.6 points came below the averages of all other regions in advanced and developing economies. The index included 15 Arab countries, with the UAE ranking in 103rd place, highest in the region. It was followed by Kuwait in 105th place, Tunisia (107th) Bahrain (110th), Mauritania (113th), Lebanon (116th), Qatar (117th), Algeria (119th), Jordan (120th), Oman (122nd), Syria (124th), Egypt (125th), Morocco (127th), Saudi Arabia (129th) and Yemen (134th). The scores of 8 Arab countries improved and those of 6 countries regressed, while one was newly-added to the index. The survey said the highest-ranking economies of the region have invested large amounts of resources in increasing women's education levels, and these countries will now need to better integrate women into the economy to reap the benefits of this investment.
Source: World Economic Forum

GCC

Investor sentiment improves on Dubai World restructuring deal

The Shuaa Capital GCC Investor Sentiment Index indicates that investor sentiment improved in September, with five out of six GCC markets recording a rise in investor confidence. The index increased by 9 points, or 8.2% from June, to 119 points in September, following a drop of 11 points in June from March. Kuwait's Investor Confidence Index rose by 15.2% from June, posting the best improvement in investor sentiment in the region. It was followed by the UAE with a 12.5% increase, Saudi Arabia with an 8% improvement, Qatar with a 4.8% rise, Oman with a 4.3% rise, and Saudi Arabia with a 3.7% drop. In parallel, investor sentiment regressed by 4.5% in Bahrain. Investor sentiment remained the strongest in Saudi Arabia with the country's index at 133 points, highest in the region, while sentiment is weakest in Bahrain with the country's index at 106 points. Shuaa Capital attributed the improvement in investor sentiment to the agreement over Dubai World's $24.9bn debt restructuring plans, as well as to the ongoing increase in oil prices. It said the balance of investors' perceptions of current GCC economic conditions improved from June, driven by the UAE, Kuwait and Oman where perceptions about current economic conditions improved the most, with investor sentiment towards GCC economies overall increasing by 26.3% and moved back to positive territory with an on-balance figure of 5.3%.
Source: Shuaa Capital

OUTLOOK

WORLD

US dollar to decline by 4.7% against euro, emerging markets to play key role in dollar weakness

Goldman Sachs expected the US dollar to continue to weaken on a trade-weighted basis during the next 12 months. It said the combination of a weak real U.S. economy and proactive policy is keeping real rates in the U.S. at exceptionally low levels, and is one of the main reasons for more broad-based dollar weakness ahead. It forecast a 4.7% decline in the US dollar against the Euro on a trade-weighted basis in the next 12 months, bringing the trade-weighted US dollar close to its historical lows. This would leave the Euro at $1.55 a year from now, equivalent to a 13% rise from current levels. It stressed, however, that the dollar would weaken across the board, resulting in a strengthening of the Euro in trade-weighted terms by just 3.9% in 12 months. It added that this would signal US dollar weakness rather than Euro strength. It also expected a notable trade-weighted appreciation of 6% for the Swedish krona and 6.8% for the Norwegian krone one year ahead. It expected moderate strength of 3.1% for the Australian dollar and of 2.5% for the Swiss franc over the next 12 months, on the ground that these currencies already look quite ‘expensive’, and forecast only moderate further trade-weighted appreciation for the Canadian dollar at 2.2%.

Goldman Sachs considered that EM currencies, and particularly Asian ones, are likely to play an important role in additional broad US dollar weakness, given that growth in EMs will outpace that in advanced countries this year and next. It said that capital inflows to EMs are now running at $575bn per year, or 20% higher than before the crisis. In turn, this puts appreciation pressure on EM currencies, pushing local currency bond yields down, and local asset prices up. It noted, however, that the extent to which EM currencies, especially in Asia, appreciate against the dollar will depend on how much central banks lean against appreciation pressure on their currencies. It expected the trade-weighted Chinese Yuan to appreciate by about 2% and the Korean won strengthen by 2.4% in 12 months. It said this underscores the outlook that Asia will participate in the broad decline of the dollar, in contrast to recent reports about the potential for a ‘currency war’.

Source: Goldman Sachs

MENA

Economic recovery underway, growth unlikely to reach pre-crisis levels

HSBC Bank indicated that the economic recovery in Middle East & North Africa region appears to be under way, driven by an upturn in consumption, the renewal of core capital projects, and stronger external demand. It projected real GDP growth at 4.5% for the GCC economies and at 6% for Egypt in 2010. It expected the pace of growth to compare well with most emerging markets, but anticipated it to be uneven in both its speed and timing. It also expected the pace of regional growth over 2011-12 to outstrip all developed and most non-Asian emerging markets, even though the recovery has come later to much of the region than it has elsewhere. It added that flat real oil prices and a more subdued domestic credit environment will keep growth in the region far below the high rates seen during the 2003-08 period. It also expressed concerns that long-standing structural constraints on growth will reassert themselves and weigh on the pace of expansion. It noted that the region’s renewed fiscal strength stands in contrast to the growing pressure on public finances across much of the globe and seems to provide a buffer against further downside risks. It projected the fiscal balance of the GCC to post a surplus of 7.4% of GDP in 2010 and 6.1% of GDP in 2011 relative to a surplus of 1.9% of GDP in 2009. Further, it expected Egypt to post a fiscal deficit of 7.5% of GDP this year and 7.3% of GDP in 2011 compared to a deficit of 8.1% of GDP in 2009.

HSBC expressed concerns that the tools policy makers have at their disposal remain limited, weighing on their ability to manage the pace and direction of growth. It said the limits are particularly clear in the Gulf where monetary policy continues to be tied by the maintenance of the dollar peg, and a reliance on oil revenues leads to an inevitable pro-cyclicality in spending decisions. It noted that a shift away from the dollar peg to a more flexible currency regime would be supportive of stability and growth. It added that the establishment of a more widespread tax system would lead to greater predictability in fiscal receipts and encourage the emergence of a more effective policy framework over the medium term.

Source: HSBC Bank

GHANA

Growth to jump to 17% in 2011, monetary easing to stop

Barclays Capital projected Ghana's real GDP growth at 6.4% in 2010 and 17% in 2011 compared to 4.1% in 2009. It said the agriculture and the service sectors continue to support growth in 2010, and expected activity to pick up further going in 2011 as accommodative monetary policy supports demand. It considered that Ghana’s long-term prospects are positive given the more prudent monetary and fiscal management by the new administration, and the country's substantial oil wealth. It noted that the oil windfalls that will accrue from should have a substantial effect on economic activity. It also expected oil revenues to improve the current account deficit to less than 3% of GDP in 2011 from about 9% this year; and for the fiscal deficit to decline from 8% of GDP this year to 3.8% of GDP in 2011.

Barclays Capital noted that the inflation environment has improved substantially in 2010 as CPI inflation eased for 14 consecutive months, allowing for aggressive policy rate cuts. It forecast inflation to rise to just above 10% by year-end, still within the upper end of the target range of 7.2%- 11.2%. It expected oil production and the ensuing increased liquidity to bring new challenges for inflation and monetary policy in 2011, which means that the Bank of Ghana may take a more cautious approach, leaving the policy rate unchanged until well into 2011.

Source: Barclays Capital

MENA

Launch of $2bn SMEs fund

Arab finance ministers launched a $2bn development fund that will provide loans to small and medium-size projects across Arab countries. The Arab Development Fund was first approved by an Arab economic summit in January 2009. The fund has so far received pledges of $1.18bn dollars from 11 Arab nations, with additional contributions expected. The original proposal envisaged a $2bn fund. Saudi Arabia and Kuwait have each pledged $500m and the Kuwait-based Arab Fund for Economic and Social Development (AFESD) pledged $100m, with the balance coming from nine Arab countries. The Arab Development Fund, which will be managed by the AFESD, will finance small and medium enterprises in Arab countries that have pledged contributions to the fund. The aim of the fund is to create jobs and improve the living standards in the Arab world, which has 140 million people living below the poverty line.
Source: AFP

Arab advertising market at $6.5bn in 2010, newspapers have largest market share

PricewaterhouseCoopers projected the advertising market in the Arab world at $6.54bn in 2010, constituting an increase of 12.2% from the previous year. It expected the UAE to remain the largest advertising market in the region at $1.5bn and to account for 23% of the total, followed by Saudi Arabia with $1.16bn, Egypt with $793m, Kuwait with $562m, Qatar with $395m, Morocco with $322m, Lebanon with $246m, Jordan with $129m., Oman with $116m, Bahrain with $89m, Tunisia with $36m and Yemen with $15m. Further, it estimated the pan Arab ad market at $1.17bn this year, up from $1.1bn last year. Also, it projected the advertising market in Qatar to expand by a compound annual growth rate (CAGR) of 24.7% in the 2007-2012 period, followed by Yemen with an 18.7% growth rate, Egypt with 17.5%, the UAE with 16.5%, Saudi Arabia with 16%, Oman with 13%, Jordan with 12.8%, Kuwait with 12.5%, Morocco with 11%, Lebanon with 9.8%, Tunisia with 9.3%, and Bahrain with 5.6%. It also projected the overall Arab advertising market to grow by a CAGR of 12.2% during the 2007-12 period. It forecast newspapers to account for the largest share of advertising in Bahrain, Egypt, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE; while it expected TV advertising to have the largest market share in Lebanon, Morocco and Tunisia.
Source: PricewaterhouseCoopers

AFRICA

Governments need to leverage development impact of remittances

The World Bank estimated remittance flows to sub-Saharan Africa to exceed $21bn in 2010, constituting an increase of about 2% from the previous year, despite a weak global economy. It noted, however, that many governments and financial institutions in Africa overlook the role that remittances can play in dealing with economic shocks, access to finance and poverty reduction. It said most official statistics in sub-Saharan African still underestimate the true size of remittance flows, due in part to a focus of data collection efforts on formal channels such as banks. It noted that efforts to improve remittance data collection can positively contribute to leveraging the development impact of these substantial resource flows for recipients and the communities where they live. It added that governments need to encourage competition and technological innovation in order to increase formal flows and financial deepening, thereby reducing the costs of transmittal and increasing access to financial services among remittance recipients. It said governments must develop their legal and regulatory frameworks, as remittance service providers move beyond simple cash-out systems and design and deploy innovative and functional financial products and services linked to remittances that facilitate savings, loans, mortgages and insurance.
Source: World Bank

ARMENIA

Policy rate appropriate, flexible exchange rate to help competitiveness

The International Monetary Fund indicated that the Central Bank of Armenia's (CBA) policy rate remains appropriate as a signal of the monetary policy stance. It said the CBA should continue to actively manage liquidity by using all available monetary policy instruments to ensure that market rates are close to the policy rate, as well as to increase monetary transmission through interest rates. It welcomed measures to strengthen the market for dram instruments and increase the use of dram transactions in the economy, adding that such measures would help reduce the high dollarization rate, deepen financial intermediation, and raise the effectiveness of monetary policy. It supported the authorities' commitment to maintain a flexible exchange rate policy in order to smooth sharp fluctuations in the market, maintain foreign exchange reserves, and ensure that the economy remains competitive. In parallel, the IMF considered that measures to stabilize the financial system such as enhancing the capital base of banks, and strengthening risk management and the supervisory framework have helped limit financial sector vulnerabilities. It also supported measures to enhance crisis preparedness and contingency planning for the sector.
Source: International Monetary Fund

New measures to develop leasing activity

The International Finance Corporation indicated that leasing is still underdeveloped in Armenia compared to other countries in the region, and would significantly help small and medium enterprises, which account for significant output and employment in the Armenian economy. It added that leasing can support the growth of small companies that do not have property to secure bank loans and, therefore, find it difficult to access traditional bank finance. It identified specific measures to expand the sector such as discontinuing the use of import value added tax on goods for leasing purposes, improvements to the Civil Code, and further promotion of leasing with small and medium enterprises.
Source: International Finance Corporation

MENA

Tier One capital of top 100 Arab banks up 11% to $154bn at end-2009

The Banker magazine's annual survey of the top 100 Arab banks by Tier One capital included 17 banks from the UAE, 12 banks from Lebanon, 10 from each of Saudi Arabia and Bahrain, 9 from each of Egypt and Jordan, 8 from Kuwait, 7 from Qatar, 6 from Oman, 5 from Tunisia, 3 from Morocco, 2 from Algeria and one from each of Libya and Syria. It said Saudi Arabia accounted for 26.3% of the aggregate Tier One capital of the top 100 Arab banks. It was followed by the UAE with 25.8%, Kuwait with 9.7%, Qatar with 7%, Bahrain with 6.8%, Lebanon with 5.3%, Jordan with 4.8%, Morocco with 4.1%, Egypt with 3.7%, Oman with 2.3%, Syria with 1.3%, and Algeria, Libya and Tunisia with 1% each. *The Banker* indicated that the aggregate Tier One capital of the top 100 Arab banks reached $153.5bn at end-2009, constituting an increase of 11% from $138.2bn at end-2008; while their total assets reached $1,514bn at end-2009, up 12.4% from a year earlier. It attributed the rise in Tier One capital to banks issuing shares and transferring profits to retained earnings. The banks' net profits declined b 2.3% to $23.3bn, while their return on average assets regressed from 1.9% to 1.5% in 2009 and their return on average equity declined from 18.8% to 16.6% last year. The banks' average capital adequacy ratio slightly declined year-on-year from 17.9% in 2008 to 17.6% in 2009. National Commercial Bank of Saudi Arabia retained its top ranking with Tier One capital rising by 14.3% to $7.64bn at end-2009.

Source: The Banker

SYRIA

Deposits increase by 10% in first 7 months, interest rates decline year-on-year

Figures released by the Central Bank of Syria indicate that total deposits at commercial banks reached SYP1,323bn at end-July 2010, or about $28.3bn, constituting an increase of 10% from SYP1,202bn at end-2009. Deposits in Syrian pounds accounted for 86% of the total, and foreign currency deposits accounted for the remaining 14%. Syrian pound deposits rose by 13% and foreign currency deposits decreased by 5% in the first 7 months of the year. Private sector deposits accounted for 74% of total deposits at end-July relative to 76% at end-2009, while public sector deposits accounted for 26%. Also, resident private sector deposits accounted for 73.4% of aggregate deposits, followed by deposits of non-financial public enterprises with 22.4%, while the central government accounted for 2.2% of the total. Households accounted for 84% of resident private sector deposits, followed by businesses with 14.2%, and other financial institutions with 1.8%. Households and businesses represented 84.5% and 14%, respectively, of resident private sector deposits at end-2009. Further, demand deposits accounted for 46% of the total, up from 44% at end-2009, time deposits accounted for 35% unchanged from end-December, while saving deposits accounted for the remaining 19%.

The weighted average interest rate on demand deposits was 0.31% at end-July compared to 0.29% a year earlier, while the rates on saving deposits declined to 4.36% from 4.5% at end-July 2009. Also, the weighted average rate on one-month time deposits was unchanged at 5%, while the three-month rate declined to 5.61% from 5.66%, the 6-month rate increased to 5.85% from 5.79%, the one-year rate regressed to 6.44% from 6.56%, and the longer-term rate contracted to 7.96% from 8.19% a year earlier.

Source: Central Bank of Syria, Byblos Research

IRAQ

Restructuring of state-owned banks to be completed in June 2011

The International Monetary Fund indicated that the target date for the restructuring of the balance sheets of the two largest state-owned banks, Rafidain Bank and Rasheed Bank, has been pushed back to end-June 2011. It attributed the delay to a lack of institutional capacity and weak coordination between the various parties involved. It added that a detailed action plan has been prepared with the participation of all parties involved to move the process forward. The new plan stipulates the establishment of a Bank Reconciliation Unit (BRU), chaired by the Central Bank of Iraq, with the participation at a technical level of staff from the CBI, the Ministry of Finance and other stakeholders. The BRU's objectives are to deal with the legacy assets and liabilities of the previous regime; to identify and propose to write-off non-performing loans to defunct state-owned enterprises; to propose a course of action for other remaining un-reconciled accounts; and to revalue the remaining foreign currency denominated balance sheet items. In parallel, it said the Ministry of Finance will continue to modernize the two banks by moving ahead with the plans for their operational restructuring, so they can operate on a fully commercial basis and on market terms. It added that the decision to recapitalize Rafidain and Rasheed will not be made until the restructuring of their balance sheets has been completed and adequate progress has been made in their operational restructuring, especially by establishing an appropriate governance structure and strengthening risk management and control functions.

Source: International Monetary Fund

BELARUS

Ratings on state-owned banks upgraded

Fitch Ratings upgraded the Long-term Issuer Default Ratings (IDRs) of state-owned banks Belarusbank, Belagroprombank and Belinvestbank to 'B' from 'B-', and revised the outlook on the ratings to 'stable' from 'negative'. It also revised the outlook on of foreign-owned banks BPS-Bank, Belgazprombank, Belvnesheconombank and VTB-Bank to 'stable' from 'negative'. The agency attributed the upgrades of the state-owned banks to the improved ability of the Belarusian authorities to provide support to these entities. It noted that sovereign foreign currency reserves have increased to about $6bn at end-September 2010 from $2.6bn at end-June 2009, equivilent to 3.2 times the banks' external liabilities. Fitch expressed concerns about Belarus' current account deficit, adding that failing to address this imbalance over the medium term could impair its ability to provide support to the banking sector.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil falls on strengthened dollar and China's slow-down

Oil prices declined as the dollar strengthened on October 21 and there were no signs of currency devaluation, in addition to the slowdown in China's economy in the third quarter of 2010. Prices rose almost 3% on October 20, the highest daily percentage gain in more than a month, after a decline of almost 4% a day earlier when China raised interest rates. Also, prices reached a five-month high of $84.43 on October 7th. Front-month U.S. crude fell 57 cents to $81.97 a barrel, while ICE Brent dropped 45 cents to $83.15. China's implied oil demand in September rose 6.2% from a year earlier to about 8.68 million barrels per day, just short of a record-high of 8.9 million barrels per day in June.
Source: Thomson Reuters

GCC states plan to invest $250bn to add 7 million barrels to oil output

The Gulf Cooperation Council (GCC) states plan to invest $250bn in the coming years to boost their surplus oil production capacity by 7 million barrels a day. For instance, Kuwait Petroleum Corporation plans to spend more than $80bn over the coming 20 years to implement a long-term strategy that will focus on boosting Kuwait's oil production capacity to 4 million barrels a day from the current 3 million barrels a day. The GCC states consider that their strategic weight is not in their current oil production levels but in their ability to boost production to face any shortage in global energy markets.
Source: Dow Jones Newswires

Qatar cancels a $4.8bn investment in Greece

Qatar canceled plans to build a $4.82bn energy center in Greece. The two countries signed in May 2010 a non-binding memorandum to explore the possibility of building a complex of LNG terminals and a power station to export electricity to Italy. The deal had paved the way for a wider framework agreement between the two countries in September, in which Qatar stated that it might invest up to $5bn in Greece, banking, real estate, energy and telecommunications..
Source: Arabian Business

Iraq awards long term development contract to Kuwait Energy and Korea Gas Corporation

Iraq awarded Kuwait Energy 20 year term gas development contracts for Siba and Mansuriya gas fields in its third bidding round for three gas fields. The bid was jointly presented by Kuwait Energy and the Turkish Petroleum Corporation (TPAO). Kuwait Energy is expected to be the operator of Siba with a 60% contractor share, the remaining shares are assigned to Kuwait Energy, while TPAO is expected to be the operator of Mansuriya with a 50% contractor share, the remaining 30% and 20% contractor share are divided respectively between Kuwait Energy and Korea Gas Corporation (KOGAS). The bid on the third and largest gas field, the Akkas gas field, was awarded to KOGAS which was presented jointly with KazMunaiGas. Iraq possesses the world's third largest reserves of crude and relies on oil for over 90% of it foreign revenues.
Source: Arab Times

Base Metals: Prices on the rise, copper hits 27-month high

Copper prices rose on October 21 as investors noticed the implications of a rate hike from China following its better-than-forecast economic data. Benchmark copper for three month delivery on the London Metal Exchange traded at $8,394 a ton, up from $8,340 at the close on October 20th. Copper hit a 27-month high of $8,492 a ton on October 19 before falling after China raised interest rates for the first time in nearly three years. Lead and zinc prices rose to new multi-month highs, where battery material lead for three-month delivery on the London Metal Exchange traded at $2,488 a ton. Zinc hit 2,515 a ton, its highest level since April.

China's production of refined lead and zinc in September increased supplies of raw materials and expanded capacity, while monthly copper production rose 2% due to increased capacity. LME stocks for Aluminum used in transport and packaging fell 4,700 tons to 4.32 million tons, down from record levels above 4.6 million in January.
Source: Thomson Reuters

Precious Metals: Gold heading to its tenth annual gain

Gold prices hit a high of $1,349 an ounce before slipping to $1,344 an ounce on October 21 after it reached an all-time high of $1,387 on October 14th. Gold prices fluctuated as a result of a weakened dollar which increased demand. Gold futures for December delivery increased by 0.1% to $1,345 at the Comex in New York, while Gold for immediate delivery in London decreased by 0.1% to $1,346. Gold prices which increased by 23% during this year are marking the tenth annual gain, the longest gain period since 1920. Gold trading has outperformed global equities, Treasuries and most industrial metals which stimulated investment in gold-backed exchange-traded products. Silver for December delivery rose by 0.2% to $23.9 an ounce, while Futures reached $24.95 on October 14 marking the highest level since March 1980. Platinum for January delivery fell by 0.2% to $1,684 an ounce, while Palladium increased by 0.5% to $593 after reaching $606 on October 7, the highest price since June 2001. Silver is expected to average $20 in 2011 while Platinum and Palladium are projected to average $1,750 and $675 respectively.
Source: Bloomberg

Global Commodity Outlook

(3-months LME, $/ton)	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11
Aluminum	2,100	2,000	1,900	1,875	1,825
Copper	7,850	8,100	8,300	8,400	8,500
Lead	2,300	2,400	2,450	2,550	2,600
Nickel	21,000	21,500	21,500	22,500	22,500
Tin	20,000	21,000	22,000	23,000	23,000
Zinc	2,150	2,250	2,300	2,300	2,350
(Spot price, $/ounce)					
Gold	1,350	1,300	1,375	1,475	1,450
Palladium	580	550	600	625	625
Platinum	1,700	1,800	1,900	1,900	1,900
Silver	22.0	20.0	19.0	17.5	16.5

Source: Bloomberg, Platts, CRU, Standard Chartered

COUNTRY RISK METRICS

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

COUNTRY RISK METRICS

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

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	0-0.10	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
Emerging Markets					
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	14-Oct-10	No change	16-Nov-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	14-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

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