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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global trade grows by 23% in first 9 months of 2010

The World Trade Organization indicated that global merchandise trade reached $22,047bn in the first 9 months of 2010, constituting an increase of 23% from the same period last year. Also, world merchandise trade rose by 18% in the third quarter of the year compared to the same period last year, constituting a slowdown relative to the 26% increase posted in the second quarter of 2010. It said world exports rose by 23.7% year-on-year to $10,925bn and global imports reached $11,122bn in the first 9 months of this year, up 22.5% from the same period last year. It noted that exports from Europe totaled $4,070bn, up 12.5% year-on-year. Exports from the 27-member European Union totaled $3,724bn, with intra-EU trade rising 10% to $2,437bn and extra-EU trade increasing by 17.4% to $1,287bn. Further, exports from Asia totaled $3,660bn, up 33% year-on-year, and exports from North America grew by 24% to $1,430bn. Also, exports from South & Central America increased by 24% to $420bn, and those from the Commonwealth of Independent States rose by 35% to $410bn. In parallel, Imports to Europe totaled $4,232bn in the first 9 months the year, up 13.3% from the same period last year, as imports to the EU reached $3,867bn, up 13% year-on-year. Asian imports rose 35.5% to $3,526bn, those to North America increased by 26% to $1,963bn, while imports to South & Central America improved by 30% to $412bn and those to the CIS increased by 23.5% to $284bn.

Source: World Trade Organization

EMERGING MARKETS

Private equity investments rise 60% in first 9 months of 2010

The Emerging Markets Private Equity Association indicated that private equity funds dedicated to emerging markets raised $18.8bn in the first 9 months of 2010 compared to $22.6bn raised in 2009. It said Emerging Asia funds raised $9.8bn, followed by funds focused on Latin America & the Caribbean with $5.1bn, Sub-Saharan Africa funds with $1.5bn, MENA funds with $0.9bn, CEE & CIS funds with $0.7bn, and multi-regional funds with $0.9bn. In parallel, private equity investment in emerging markets totaled $21.5bn in the first 9 months of 2010, up 60.4% from $13.4bn in the same period last year, and relative to $22.1bn in all of 2009. Also, the number of transactions reached 613 deals year-to-September compared to 471 deals in the same period last year and 674 deals in 2009. The average deal was worth $35m relative to $28.5m in the same period last year. It added that Emerging Asia markets captured 64.7% of investments by value, with China accounting for $6.7bn and India for $5bn in investments. Latin America & the Caribbean accounted for 22.3% of private equity investments, with Brazil receiving $3.8bn in investment flows; followed by the CEE & CIS region with 8.8%; the MENA region with 2.2%; and Sub-Saharan Africa with 2%. Private equity investment in emerging markets accounted for 26% of global private equity investments in the covered period.

Source: Emerging Markets Private Equity Association

MENA

Ease of paying taxes improves in Arab world

The PricewaterhouseCoopers/World Bank Ease of Paying Taxes Index for 2011 included 19 Arab countries, with 6 countries ranking among the top 15 worldwide. Qatar ranked in second place globally, followed by the UAE in fifth place, Saudi Arabia (6th), Oman (8th), Kuwait (9th), Bahrain (14th) as the top ranked Arab countries. The rankings of eight countries improved, seven declined and four remained unchanged from the 2010 survey. The index measures a firm's mandatory taxes and contribution that have a direct impact on its income. It covers the number of tax payments by business, the total compliance time, and the total tax rate as a percentage of commercial profits. The index shows that the average number of tax payments per year in the Arab region is 2.3 times for corporate taxes, 11.7 times for labor taxes and 9.6 times for other mandatory taxes. It takes a standard firm in the Arab region 59.4 hours to prepare, file and pay its corporate taxes; 76.6 hours for its labor taxes and 76 hours for its consumption taxes. Finally, the tax rate as a percentage of commercial profits in a standard Arab firm is 13.5% for corporate tax, 16.5% for labor tax and 4.4% for non-corporate tax.

Source: PricewaterhouseCoopers, World Bank, Byblos Research

Equity markets up 8% in first 11 months of 2010

Arab stock markets increased by 8.2% and GCC markets grew by 8.3% in the first 11 months of 2010; while they regressed marginally by 0.3% and 0.4%, respectively, in November 2010. Activity on the Tunis stock exchange increased by 23% year-to-November, posting the best performance among Arab markets. It was followed by the Casablanca and Doha equity markets with a 17% improvement each, the Egyptian stock exchange with an 8% growth, the Muscat bourse with a 3.5% rise and the Saudi equity market with a 3.2% increase. In parallel, the Beirut Stock Exchange dropped by 8.3% year-to-November, posting the worst performance among Arab stock markets in the first 11 months of the year. It was followed by the Dubai financial market with a 7.5% downturn, the Amman stock exchange with a 7.1% decline, the Iraqi stock market with a 5.1% contraction, the Palestine equity market with a 2.5% decrease, the Kuwait bourse with a 1.6% decline, the Bahrain stock market with a 1.4% drop and the Abu Dhabi market with a 0.5% contraction. In comparison, emerging market equities rose by 10.4% and global equities increased by 4.2% in the first 11 months of the year. They declined by 2.7% and 2.1%, respectively, in November 2010.

Source: Local stock markets, Byblos Research

OUTLOOK

SUDAN

Economy could lose up to $81bn in case of conflict triggered by the South's independence

A simulation conducted by a coalition of African and European research institutes indicated that Sudan's economy could lose between $52bn and $81bn in economic output over 10 years in case of conflict triggered by the secession of South Sudan. Further, the overall cost for Sudan, its neighbors and the international community could exceed $100bn in a medium-level conflict scenario, as a return to war would result in $52bn in lost GDP for Sudan, $25bn in lost output to neighboring countries, and $30bn in peacekeeping and humanitarian costs to the international community. The medium-level conflict case assumes that Khartoum officially respects the outcome of the referendum in favor of the South's independence, but actively undermines attempts to resolve outstanding issues of contention. As a result, the security situation deteriorates into civil war between the North and South Sudan.

The report indicates that a baseline scenario of a medium-level conflict would cost Sudan $52bn in lost economic output over 10 years measured in real 2010 U.S. dollars, equivalent to 79% of GDP; and could cost $81bn or 123% of GDP in a high-level conflict scenario. The high-level conflict scenario assumes that Khartoum refuses to accept the vote in favor of independence, leading to an escalation of violence and culminating in a return to conflict between the North and South, and between different factions within the South. Also, Sudan could lose between $118.4bn, or 180% of GDP, and $363bn or 552% of GDP in economic activity if the conflict lasts for 25 years.

It noted that the overall cost of conflict for neighboring countries would reach about 34% of their aggregate GDP over a 10-year period; with Ethiopia losing $11.2bn or 36.7% of GDP; Kenya incurring $11.6bn in lost output, or 34% of its GDP; and Uganda groups $6.4bn in lost output, equivalent to 36% of GDP. It added that the Egyptian economy, which is the largest and strongest of Sudan's neighbors, might have the most to lose from conflict. It noted that the impact of conflict and its aftermath on the use of the Nile river could have significant economic consequences for Egypt.

Source: Frontier Economics, Aegis Trust, Society of International Development

IRAQ

Non-oil growth to average 4.8% in 2010-11

The International Monetary Fund projected economic growth in Iraq at 2.6% in 2010 and 11.5% for 2011 compared to growth in Middle Eastern oil exporting countries of 3.8% in 2010 and 5% in 2011. It forecast the country's real non-oil GDP to grow by 4.5% in 2010 and 5% in 2011, up from 4% in 2009. It forecast Iraq's annual average inflation rate at 5.1% in 2010 and 5% in 2011, compared to inflation of 5.9% and 6.4% in oil exporting countries for 2010 and 2011, respectively. Also, it expected broad money to grow by 15% this year and 22.5% next year, down from 26.7% in 2009. The Fund projected the central government's fiscal balance to post a deficit of 14.2% of GDP in 2010 and 8.2% of GDP in 2011, compared 22% of GDP in 2009. It also forecast the government's non-oil fiscal deficit at 175% of GDP this year and 157.5% of GDP next year, up from 165.4% of GDP last year. It estimated overall government revenues at 74.3% of GDP in 2010 and non-oil revenues at 16.4% of GDP in 2010 compared to 74.7% of GDP and 14.3% of GDP, respectively, in 2009; and total expenditures at 90.1% of GDP this year relative to 99.7% of GDP last year.

The IMF expected Iraq's public debt to reach 42.2% of GDP at end-2010 and 41.5% of GDP at end-2011, significantly down from 141.7% at end-2009. It also forecast total gross external debt at 41.8% of GDP this year and 39.2% of GDP next year relative to 136.5% of GDP last year. Further, the Fund estimated Iraq's exports of goods & services at $53.7bn in 2010 and $58.8bn in 2011, and imports of goods & services at $61.8bn in 2010 and $67.4bn in 2011. It forecast the country's current account to post a deficit of $12.1bn, or 14.4% of GDP, in 2010 and 8bn or 8.6% of GDP in 2011.

Source: International Monetary Fund

ARMENIA

Growth to average 4.3% in 2010-11, challenges are fiscal consolidation and structural reforms

The International Monetary Fund projected Armenia's real GDP growth at 4% in 2010 and 4.6% in 2011 compared to a contraction of 14.2% in 2009. It attributed the slow recovery to improved activity in industry and services due to a rebound in trade and remittances, as well as to a revival of private sector credit. It said that agriculture has been hit hard by adverse weather conditions, leading to a contraction in output.

The Fund noted that Armenia faces important medium term challenges, as it stressed the need to consolidate public finances to ensure fiscal and debt sustainability, as well as to address external imbalances rapidly in order to avoid a disorderly adjustment. It urged the implementation of broad-based structural reforms to boost competitiveness and diversify exports in order to raise growth rates. It noted the need to maintain macroeconomic and financial stability and to deepen financial markets in local currency in order to help reduce the dollarization of the economy and raise the effectiveness of monetary policy. The IMF supported the authorities' fiscal policy for 2010, which includes substantial consolidation given the need to focus the fiscal policy framework on debt sustainability. It expected the fiscal deficit to reach about 4.8% of GDP in 2010, a decline of more than 3% of GDP from 2009, and to further contract to 3.9% of GDP in 2011.

It stressed that the main focus of fiscal consolidation should continue to be strengthening revenue collection in the short and medium term, rather than reducing expenditures. It called for further steps to modernize tax administration and reduce tax evasion and corruption. It noted that such policies would help the fiscal deficit decline to about 2% of GDP over the medium term, which will ensure that public debt remains sustainable. Further, the IMF called for bolder and deeper reforms to improve the business environment, such as enhancing competition, diminishing monopolistic behavior, diversifying exports.

Source: International Monetary Fund

GCC

Currency pegs unlikely to change in wake of global developments

Merrill Lynch indicated that the launch of the second round of quantitative easing in the U.S., its potential impact on the U.S. dollar and commodities, as well as the G20 discussion on current account targets, have contributed to bring back some attention to the U.S. dollar pegs in the GCC. It expected the pegs to remain in place over the medium-term, as inflation has declined notably in the region and policy-makers are more focused on private sector credit growth and balance sheet repair, rather than on a fundamental rethink of their monetary and exchange rate policies. It added that the economic cycles of the U.S. and GCC are synchronized again and would both benefit from low interest rates. It noted that more flexible exchange rates would be of limited direct impact on inflation in the GCC given the prominence of housing in the CPI basket. Further, a market-determined exchange rate may not be the best option, given a still-developing non-oil private sector, subsequent potential high foreign exchange volatility and the determination of policy-makers not to allow their currency to serve as a high-beta trade on oil. It added that, as incremental revaluations would invite more speculative flows, policy-makers are more likely to take studied steps towards an end-goal exchange rate policy, rather than bend to market pressures.

Source: Merrill Lynch

UAE

Dubai Group to restructure $6bn in debt

A group of banks led by Royal Bank of Scotland and Emirates NBD will negotiate with Dubai Group about the company's $6bn debt restructuring. Dubai Group is an investment company controlled by Dubai Holding, a property, hospitality and investment group owned by Dubai ruler Sheikh Mohammed Bin Rashid Al Maktoum. The company missed interest payments in recent weeks on a $330m loan raised in 2007 to fund an acquisition and on a $1.5bn Islamic facility it negotiated in 2008 to refinance debt. In parallel, Dubai International Capital, an investment company owned by Dubai Holding, is also is seeking a third extension to its $1.25bn loan maturing this month, as it pushes for a comprehensive restructuring of its $2.6bn debt. Further, Dubai Holding Commercial Operations Group, another group company, received a one-month extension on a $555m revolving credit line that had been extended twice already, in order to get more time to agree on new terms.

Source: Bloomberg, Merrill Lynch

ANGOLA

One third of arrears cleared, foreign reserves on the rise

The International Monetary Fund indicated that the Angolan economy is gradually recovering from last year’s fiscal and balance of payments crisis, as authorities have rebuilt foreign reserves and reduced the stock of payments arrears since mid-year. It added that the budget has moved into surplus, helped by higher oil prices and expenditures restraint. It projected real GDP growth at around 2.5% in 2010, but said that growth has been adversely affected by temporary oil production problems and by fiscal retrenchment. It expected a solid pick-up in the pace of growth for 2011 as these temporary effects unwind. The Fund added that the government has broadly implemented the stabilization and reform program, with budgetary spending tightly contained to date, making room for building foreign reserves and paying off outstanding liabilities. It noted that authorities have cleared over one-third of the verified payments arrears incurred prior to 2010, with the remainder to be settled in the coming six months. It added that the build-up in accounts payable during 2010 has been contained, and the bulk of these new liabilities are expected to be cleared within the budget year. It considered that the key challenge facing the Angolan authorities in setting the 2011 budget is to balance the need to increase spending on essential infrastructure with the need to further build foreign reserves and clear its remaining arrears to domestic firms. It noted that the uncertain global economic outlook further complicates policy choices, while providing a strong case for proceeding gradually in entering into new spending commitments.

Source: International Monetary Fund

AFRICA

Sub-Saharan Africa to become largest market for solar lighting by 2015

The International Finance Corporation indicated that Africa will be the world’s largest market for solar portable lights by 2015, with up to 65 million people who could access safe and clean off-grid lighting over the next five years. It noted that millions of Africans still rely on expensive and ineffective fuel-based lighting, such as kerosene lamps. It added that the market potential in Africa for solar portable lights is very large and is ripe for investment. It estimated that the market could absorb a total of 13 million solar portable lights by 2015, reflecting a compounded annual growth rate of 40% to 50% in sales volume in the coming five years. It added that current market penetration is at just 0.5% of the under-electrified African population. The IFC added that technological advancements and innovative products and business models have vastly improved the quality of solar portable lights over the past five years, making them more affordable to low-income buyers and better suited to consumer needs.

The findings are part of a World Bank initiative to accelerate the development of commercial off-grid lighting markets in Sub-Saharan Africa. It aims to mobilize the private sector to build sustainable markets in order to provide 2.5 million people with affordable and modern off-grid lighting by 2012. The initiative's longer-term goal is to eliminate market barriers for the private sector to reach 250 million people in Africa without electricity, and using fuel based lighting by 2030.

Source: International Finance Corporation

JORDAN

Trade and construction account for 47% of overall lending at end-September

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks operating in Jordan totaled JD14bn at the end of September 2010, constituting an increase of 5.2% from end-2009 and a rise of 6.5% year-on-year. The resident private sector accounted for 91% of the total relative to 90.4% at end-2009 and 88.7% a year earlier, followed by the non-resident private sector with 7%, public entities with 1.6%, the central government with 0.3%, and financial institutions with 0.03%. Foreign currency lending accounted for 11.5% of total lending, unchanged from end-2009. The distribution of lending by sector shows that general trade represented JD3.4bn, or 24.5% of the total relative to 24% at end-2009. It was followed by construction with JD3.2bn, or 22.5% of the total, up from 19.4% at end-2009; industry with JD1.8bn, or 13% of overall lending; public services & utilities with JD1bn or 6.7% of the total; transportation services with JD484.2m or 3.5% of credits; tourism, hotels & restaurants with JD464m, or 3.3% of the total; financial services with JD365m or 2.6%; and agriculture with JD206m, or 1.5% of overall lending. Further, other lending accounted for JD3.1bn, or 22% of total credits, of which JD436m were extended to buy shares. In parallel, loans & advances totaled JD12.1bn of overall credit, followed by overdrafts with JD1.7bn, and discounted bills & bonds with JD284m.

Source: Central Bank of Jordan, Byblos Research

QATAR

Public sector continues to drive banking activity

Figures issued by the Central Bank of Qatar show that total assets reached QAR 540.7bn at the end of October, up by 3.3% month-on-month and constituting a rise of 14.7% from end-2009. Lending reached QAR 314bn, up by 1.7% month-on-month and by 16% from end-2009. Loan provisioning rose by 2.8% from September to QAR 6.8bn, with specific provisions up 4% month-on-month to QAR 3.5bn following a 0.7% drop in September, while general provisions declined by 5% month-on-month to QAR 6.6bn. Credit to the economy is still driven almost exclusively by the public sector, as the weak recovery in private sector lending remains broad based and is not limited to construction and real estate. In parallel, customer deposits increased by 6.2% month-on-month and grew by 24.7% from end-2009 to QAR 308bn. The loans-to-deposits ratio was 102% at end-October relative to 107% in the previous month and 110% a year ago. The credit growth in October is due to a 3.5% increase in lending to the public sector, while private sector lending contracted by 0.4% from the previous month. Further, public sector deposits grew by 22% month-on-month.

Source: Shuaa Capital, J.P. Morgan

UAE

Lending down in first 10 months of 2010

Figures issued by the UAE Central Bank show that total assets reached AED 1,623bn at the end of October, constituting an increase of 2.4% month-on-month and a rise of 6.8% from end-2009. Lending reached AED 1,053.7bn, down 0.1% from the previous month and up by 2% from end-2009. Loan provisioning rose by 4% from September and by 25% in the first 10 months of the year to AED 54.1bn, with specific provisions up 21.5% to AED 39.6bn and general provisions up by 35.5% to AED 14.5bn from the end of last year. Total provisions were equivalent to 5.2% of aggregate loans, while specific provisioning represented 3.8% of the loan book and general provisions were equivalent to 1.4% of total loans. In parallel, customer deposits grew by 4% month-on-month, one of the strongest monthly increases on record, and by 7.2% from end-2009 to AED 1,053.8bn. The loans-to-deposits ratio was 98.5% at end-October relative to 103.6% a year earlier due to strong deposit growth.

Source: Shuaa Capital

SUDAN

Central Bank raises premium on foreign currency purchases

The Central Bank of Sudan (CBoS) raised the premium at which banks and foreign exchange bureaux can purchase foreign currency to 17.6% to the official rate, one week after it introduced the premium at 16.3%. The move is a bid to stabilize the Sudanese pound, which is facing increasingly downward pressure ahead of the upcoming referendum on the independence of Southern Sudan. The establishment of an effective exchange rate at a premium to the official rate aims at closing the current gap with the black market rate. The new premium of 17.6% puts the effective exchange rate SP2.99, almost equal to the black market rate that currently ranges between SP3.00 and SP3.20. A week earlier, the CBoS issued a directive authorizing banks and foreign exchange bureaux to purchase foreign currency at a set premium of 16.3% to the official rate, and said that the premium could be modified at a later stage.

Source: Central Bank of Sudan, Byblos Research

TURKEY

Banking system outlook changed to stable

Moody's Investors Service changed the outlook for the Turkish banking system to 'stable' from 'stable-to-negative', reflecting the system's improved capital and liquidity position, better asset quality trends, and the country's economic recovery and positive growth prospects. It said that the banks' predominantly domestic deposit funding and solid capitalization support growing banking activities, which will likely bolster adequate profitability. However, Moody's expressed concerns about the quick turnaround of a previously negative credit cycle and accompanying rapid loan growth. It said the risks of overleveraging consumers and asset bubbles will increase in the medium to longer term if the pace of credit growth exceeds the overall real demand of the economy. The agency expected the banks' net profits and net interest margins to remain healthy, although they will likely decline in the short-term from very strong 2009 levels. It added that most of the banks continue to benefit from good liquidity profiles, as liquid assets account for about 40% of the system's total assets, with a substantial portion held in government securities. It noted that, as credit expands, banks will gradually shift more of their assets to loans, which will reduce the share of liquid assets on their balance sheets.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil prices stabilize at $87 a barrel

Oil prices stabilized around $87 a barrel on December 2 after a 3% increase on the previous day, following the release of positive economic reports in China and the U.S., as well as optimism that the global economy could weather the debt crisis in the Euro-zone countries. After a $2.64 gain a barrel on December 1, and a 5 cents gain on December 2, oil prices reached $86.8 per barrel, $2 short to a 25-month peak a barrel reached on November 11th. Further, ICE Brent increased 18 cents to reach $89.05 a barrel. The U.S. Energy Information Administration reported that the country's crude oil inventories posted an unexpected gain of 1.1 million barrels last week, which would cause pressure on oil prices' upward trend in the short run regardless of improvements in the market situation. Goldman Sachs expected OPEC to increase its oil production in 2011 to offset the drop in global oil inventories. It forecast U.S. crude oil prices to average $100 and $110 barrel in 2011 and 2012, respectively.
Source: Thomson Reuters

Iraqi exports to fall short of expected 2010 targets

Iraq is expected to fall short of its oil export target this year, according to Thamir Ghadhban, oil advisor to the Prime Minister. Production was expected to reach of 2.35 million barrels per day and exports were projected at 1.88 million barrels per day for 2010, meeting just 93% of the target. He added that the country is expected to produce 8 million barrels per day in six to seven years. Also, Iraqi government spokesman Ali al Dabbagh stated that the new incoming government will honor all oil contracts signed by the outgoing administration and will prioritize passing of the national hydrocarbon law, adding that Kurdish contracts can be brought in line with it.
Source: Merrill Lynch

GCC regional electric grid construction on track

The Kuwaiti Electricity & Water Ministry indicate that the GCC regional electric grid construction is on schedule. The first phase of the project was completed during the first quarter last year by connecting the electricity grids of Bahrain, Kuwait Saudi Arabia and Qatar, and forming the North Grid. The GCC electricity ministers agreed on finalizing the second stage of the grid to incorporate the UAE and Oman to the grid network. The grid construction started in 2004 following the creation of the GCC Interconnection Authority in 2001. The project's total investment is estimated at $1.6bn.
Source: Bloomberg

Qatar renews call to link gas prices to oil

Qatar Energy Minister Abdullah bin Hamad al-Attiyah renewed calls by exporters of natural gas for the implementation of a mechanism that links natural gas prices to oil prices. He stated that a price agreement among exporters of natural gas is expected to ensure stability in the market by eliminating the need of exporters to switch their exports destination depending on offered prices. He considered that gas prices should be determined by long term contracts between the importer and the exporter that can index gas prices to oil. The minister excluded the possibility of a gas exporters' cartel similar to OPEC.
Source: AFP

Base Metals: Nickel market to remain balanced in December

Three-month LME nickel prices ranged between $21,000 per ton and $25,000 per ton for the past three months. From being one of the best performers so far this year, nickel was the worst performer in October after market surpluses re-emerged. The stock-to-consumption ratio rose to 35 days at end-October from 32 days in early August, suggesting a temporary surplus in the physical market. Demand in the stainless steel sector, nickel's largest consumer, began to pick up in September after the traditional summer lows. In China, the latest data shows that output of stainless steel products rose in August and September from July's low levels.

There are signs that several major nickel producers are planning to restart idled capacity to raise their refined output in the fourth quarter of 2010 and in 2011. The nickel market is likely to remain balanced for the remainder of 2010. Supply responses should be strong, and new projects are expected to start up towards 2011. Growth of nickel supply is forecast to outpace demand in 2011, creating a surplus of 28 kilo tons. Three-month LME nickel prices are projected to underperform other base metals by rising moderately to $22,000 per ton in 2011 from $21,489 per ton in 2010.
Source: Standard Chartered

Precious Metals: Palladium outperforms platinum

In the past few months, palladium prices reached higher records than platinum, of above $700 per ounce. Platinum has also rallied, but the increase in prices since end-August has been nearly half that of palladium. Platinum prices are expected to increase in 2011, due to the rising operating costs in South Africa and an expected upturn in European auto sector demand, but the uptrend is unlikely to be smooth. Investors remain indecisive, selling through the ETF when risk appetite declines. Palladium is still likely to outperform platinum in 2011, although after the recent sharp rise in the former, the potential for outperformance by palladium is expected to be much more limited than it was. A strong auto sector in China and the U.S. are forecast to keep prices on an upward track, but additional sales of material from Russian stockpiles represent the main downside threat to prices.
Source: Standard Chartered

Global Commodity Outlook

($/ton)	2008	2009	2010f	2011f
Copper	6,886	5,183	7,552	9,825
Aluminum	2,585	1,677	2,163	2,410
Nickel	21,220	14,890	22,089	24,950
Lead	2,095	1,755	2,171	2,570
Zinc	1,901	1,740	2,212	2,470
Tin	18,485	13,605	20,733	28,625
($/ounce)				
Gold	872	974	1,195	1,480
Silver	15.0	14.7	18.3	27.3
Platinum	1,547	1,212	1,601	1,765
Palladium	323	261	486	780

Source: Credit Suisse

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- Negative	- -	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 Stable	Baa3 Stable	BBB- Stable	- -	BB Stable	-3.8	14.8	77.3	159.8	19.8	220.1	-9.4	9.8
Kazakhstan	BBB- Stable	Baa2 -	BBB- Negative	- -	BB Stable	-3.9	9.3	94.7	230.8	40.1	553.7	-2.9	8.1
Romania	BB+ Negative	Baa3 -	BB+ Stable	BBB- Negative	BB Stable	-8.3	23.7	68.1	226.6	29.9	279.7	-4.5	3.8
Russia	BBB Stable	Baa1 Positive	BBB Stable	- -	BBB Stable	-5.7	7.1	38.3	136.3	11.6	110.9	4.0	-0.6
Turkey	BB Positive	Ba2 Positive	BB+ Stable	BB Stable	B Stable	-5.5	45.5	45.1	194.5	45.1	400.1	-2.8	1.2
Ukraine	B+ Stable	B1 Positive	B Negative	- -	CCC 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	03-Nov-10	No change	14-Dec-10
Eurozone	Refi Rate	1.00	04-Nov-10	No change	02-Dec-10
UK	Bank Rate	0.50	04-Nov-10	No change	09-Dec-10
Japan	O/N Call Rate	0-0.10	05-Nov-10	No change	21-Dec-10
Australia	Cash Rate	4.75	02-Nov-10	Raise 25bps	07-Dec-10
New Zealand	Cash Rate	3.00	28-Oct-10	No change	09-Dec-10
Switzerland	3 month Libor target	0.25	16-Sep-10	No change	16-Dec-10
Canada	Overnight rate	1.00	19-Oct-10	Raise 25bps	07-Dec-10
Emerging Markets					
China	One-year lending rate	5.56	19-Oct-10	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	03-Nov-10	No change	14-Dec-10
Taiwan	Discount Rate	1.50	30-Sep-10	Raise 12.5bps	23-Dec-10
South Korea	Base Rate	2.50	16-Nov-10	Raise 25bps	09-Dec-10
Malaysia	O/N Policy Rate	2.75	12-Nov-10	No change	27-Jan-11
Thailand	1D Repo	1.75	20-Oct-10	No change	01-Dec-10
India	Reverse repo rate	6.25	02-Nov-10	Raise 25bps	16-Dec-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	11-Nov-10	No change	16-Dec-10
South Africa	Repo rate	5.50	18-Nov-10	Cut 50bps	20-Jan-11
Kenya	Central Bank Rate	6.00	25-Nov-10	No change	Jan-11
Nigeria	Monetary Policy Rate	6.00	23-Nov-10	No change	Jan-11
Ghana	Prime Rate	13.50	24-Sep-10	No change	06-Dec-10
Angola	Rediscount rate	30.00	16-Jun-10	No change	N/A
Mexico	Target Rate	4.50	15-Oct-10	No change	25-Nov-10
Brazil	Selic Rate	10.75	20-Oct-10	No change	08-Dec-10
Armenia	Refi Rate	7.25	09-Nov-10	No change	N/A
Romania	Policy Rate	6.25	01-Dec-10	No change	N/A
Bulgaria	Base Interest	0.18	01-Dec-10	Raise 1bps	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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