

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Upgrades surpass downgrades in 2010

Standard & Poor's indicated it has upgraded 490 issuers and downgraded 435 in 2010, the first time that the number of upgrades has outpaced downgrades since 1997. It said the upgraded issuers accounted for \$1,254bn in rated debt and the downgraded issuers had \$2,796bn in rated debt. The agency upgraded 69 issuers and downgraded 60 issuers in emerging markets, compared to 399 upgrades and 391 downgrades in developed economies. As such, downgrades accounted for 46.5% of rating actions in emerging markets and for 49.5% of rating decisions in advanced economies. In emerging markets, Asia-Pacific had 28 issuers upgrades and 8 downgraded; Emerging Europe, the Middle East & Africa had 14 issuers upgraded and 28 downgraded; and Latin America saw 27 upgrades and 13 downgrades. Further, there were 22 sovereign upgrades and 17 downgrades globally. Emerging markets accounted for all of the sovereign upgrades and for 9 downgrades. Globally, a total of \$284bn was affected by the upgrades and \$1,135bn by the downgrades, with Europe accounting for 98% of the downgraded volumes.

Source: Standard & Poor's

MENA

Arab world ahead of developing economies in cellular, broadband and Internet penetration

Figures released by the International Telecommunication Union (ITU) estimated fixed telephone lines penetration in the Arab world at 9.4 lines per 100 inhabitants in 2010 compared to a penetration rate of 12% in developing economies. The total number of fixed telephone lines in Arab states reached 33 million in 2010 and accounted for 5% of developing economies' fixed lines. Also, the ITU estimated the mobile cellular penetration rate in Arab states at 79.4 subscriptions per 100 inhabitants in 2010, up from 73.3% in 2009 and relative to 67.5% in developing economies. The total number of mobile cellular subscriptions in Arab states tripled between 2005 and 2010, reaching 282 million in 2010 but accounted for just 8% of subscriptions in developing economies. Further, Arab states' Internet penetration reached 25 users per 100 inhabitants in 2010 relative to 20.5 in 2009, and compared to 21% in developing countries. The ITU estimated the number of Internet users in the Arab world at 88 million in 2010, up from 71 million in 2009 and accounting for 7.3% of emerging economies' subscribers. In parallel, the ITU estimated that mobile broadband penetration in the Arab world rose to 9.7 users per 100 inhabitants in 2010 from 6.2% in 2009, compared to 5.4% in developing economies. It estimated the total number of Arab mobile broadband subscribers at 34 million in 2010 relative to 21 million in 2009. In addition, the penetration rate of fixed broadband in Arab states was 2.3 users per 100 inhabitants in 2010, up from 1.7% in 2009 and relative to 4.4% in developing economies. The total number of fixed broadband subscriptions in Arab

economies was estimated at 8 million in 2010, up from 6 million in 2009 and accounted for just 3% of fixed broadband subscriptions in emerging economies.

Source: International Telecommunication Union

Economic growth environment improves slightly in Arab world in 2010

Goldman Sachs' Growth Environment Scores Index shows that the growth environment in the Arab world improved slightly in 2010 compared to the previous year, as the region's average numerical score reached 5.2 points compared to 5 points in 2009 and 3.6 points in 1997. The GES is a composite measure of economic growth conditions in 182 countries that summarizes the overall growth environment and that ranks countries according to their ability to achieve their growth potential. The GES consists of five broad categories of growth criteria that are Macroeconomic Stability that covers inflation, government deficit and external debt as a percentage of GDP; Macroeconomic Conditions such as investment rates and openness of the economy; Human Capital, including life expectancy and the level of education; Technological Capabilities such as penetration of personal computers, phones and the Internet; and Political Conditions as reflected by political stability, the rule of law and corruption. The scores of 19 countries in the region improved year-on-year and 4 declined, while the ranks of 14 countries improved and 9 declined. Singapore posted the highest score in the world and Bahrain had the best score across developing economies.

Source: Goldman Sachs

SAUDI ARABIA

King announces multi-billion dollar preemptive spending measures

Saudi Arabia's King Abdullah announced a series of economic measures that include increasing social benefits and handouts, educational support to students from low income families, paying for students to study abroad in certain sectors, increasing the supply of housing, and supporting the business environment by providing support for small businesses. Key measures include? boosting the housing budget by SAR15bn, increasing public sector wages by 15% to adjust for the cost of living, creating at least 1,200 new jobs, increasing the share capital of Tasleef Bank by SAR30bn, boosting the social security budget by SAR1bn, increasing the charity budget by 50%, providing additional support for students from poor families, and introducing unemployment benefits for one year. The announced measures could add more than SAR100bn, or \$26.7bn, to budgeted government expenditures in 2011, which would raise initially planned public spending by 17.2% during the fiscal year. The Saudi government announced in August a \$385bn, five-year spending plan as the kingdom tries to reduce a jobless rate of as high as 43% for Saudis between the ages of 20 and 24.

Source: Bloomberg, Shuaa Capital, EGF Hermes

OUTLOOK

EGYPT

Key risks are a weakening in the balance of payments and in fiscal dynamics

Deutsche Bank expected the Egyptian economy to face significant challenges over the near term, and for the main pressure points to be a weakening in the balance of payments and in fiscal dynamics. It expected foreign currency reserves and the Egyptian pound to remain under pressure in the near term, and for the government to rely more on domestic sources to finance a growing budget deficit. It estimated that foreign currency reserves have declined by \$5.3bn in January and by another \$2bn in the first half of February. It added that foreign reserves at commercial banks, which closely mirror the movement of short term portfolio flows, may have trickled down to near zero in the past two weeks and that official reserves have marginally declined as well.

It expected the major sources of foreign currency receipts to weaken in the near term before recovering gradually to normal levels with progress on political stability. It said tourism revenues will take the hardest hit, while inflows from remittances and the Suez Canal are likely to see marginal losses. It estimated that if tourism receipts declined by half in the first half of 2011, the current account deficit will widen to \$6.4bn in FY2010/11 from \$4.3bn the previous year assuming a neutral impact from the trade balance and other services components. It also expected another \$3bn-\$5bn in portfolio outflows in the near term, which will also worsen the external account dynamics. In parallel, Deutsche Bank expected the fiscal balance and domestic debt to face significant pressure. It noted that the recent 15% salary increase for public sector employees and pledges to take additional measures to relieve the pressure on lower income groups, are likely to widen the fiscal deficit to 10% of GDP this year. It noted the budget's lack of flexibility, given that compensation and subsidies account for 23.3% and 28.1% of total budget expenditures, respectively, and that the slowdown in growth will lead to lower tax revenues.

Source: Deutsche Bank

REP DEM CONGO

GDP growth at 6% in 2010 and 7% in 2011, fiscal discipline and reforms are key for outlook

The International Monetary Fund estimated the Democratic Republic of Congo's real GDP growth at 6.1% in 2010 compared to 2.8% in 2009, and projected growth at 6.8% in 2011. It said last year's performance was supported by mining, construction, and activity in tertiary sectors, and expected growth to remain robust this year due to the positive outlook for world commodity prices that would benefit most sectors. It noted that the moderate increases in food prices and the relative stability of the Congolese franc helped bring inflation to single digits for the first time in many years. It estimated consumer price inflation at 9.9% at the end of 2010 compared to 53.4% at end-2009, and anticipated inflation to remain at around 10% in the near term, close to the authorities' medium-term inflation objective. It stressed that the Central Bank should resist political pressures to lower real interest rates further until a satisfactory record of low and stable inflation is established. It said maintaining low

inflation is critical to consolidating macroeconomic stability and alleviating its effect on the DRC's poor households.

The IMF added that the positive economic developments have been supported by satisfactory policy implementation and progress in structural reforms. It called for further fiscal discipline and encouraged stronger efforts to raise domestic revenues in order to achieve the government's fiscal objectives. The Fund estimated that the current account deficit, including official transfers, widened to 16% of GDP in 2010 from 10.5% of GDP in 2009, as strong imports tied to investment projects outpaced the recovery of exports. It noted that financial and capital inflows including debt relief, helped boost international reserves from 6.9 weeks of import cover in 2009 to 8.4 weeks at the end of 2010. It expected the external outlook to be benign in 2011 given the DRC's reduced external debt burden, prospects in the mining sector, and improved terms of trade.

Source: International Monetary Fund

ANGOLA

Non-oil growth projected at 8% in 2011, key requirement is implementing reforms

The International Monetary Fund estimated Angola's real GDP growth at 2.3% in 2010, almost unchanged from the previous year, and forecast growth at 6.4% in 2011. It said the non-oil sector grew by 4.7% in 2010 compared to 8% in 2009, constituting a very sluggish pace relative to pre-crisis trends. It attributed the slowdown to the contractionary impact of fiscal adjustment and the burden of government payments arrears on local firms. It expected non-oil growth to recover to 8.1% this year, much closer to previous trends, driven by the return of more stable macroeconomic conditions and the settlement of remaining government payments arrears. It said that authorities have succeeded their economic stabilization efforts through a major fiscal adjustment during 2009-10 that saw the non-oil primary deficit cut by 24% of non-oil GDP in 2009 and a further 7% of non-oil GDP in 2010. As a result, the exchange rate has stabilized and interest rates are declining from elevated levels; foreign reserves are being steadily rebuilt; and inflation has been largely held in check. It estimated inflation to decline to 10.8% by the end of 2011 from 15% at end-2010. It warned, however, that the recovery process from the oil price collapse in late-2008 is still incomplete, as authorities need to clear domestic payments arrears; reverse the sharp cut in public investment outlays; and gradually reduce inflation to single digits. It added that authorities need to press ahead to re-build policy buffers, and to continue their reform and modernization program.

The IMF considered that Angola's external environment appears broadly favorable in 2011, with oil prices expected to increase, but added that the global economic outlook is characterized by significant uncertainty. It forecast the current account balance to post a deficit of 4.8% in 2011 compared to a surplus of 0.6% of GDP in the previous year. It added that gross international reserves increased by at least \$3bn to \$16.2bn in 2010, but equivalent to only 4.3% of imports of goods and services due to fluctuations in import levels. It forecast such reserves to reach \$18bn at end-2011, or 4.3% of import cover.

Source: International Monetary Fund

ECONOMY & TRADE

LIBYA

Agencies downgrade sovereign ratings

Fitch Ratings downgraded Libya's Long-term foreign and local currency Issuer Default Ratings (IDR) to 'BBB' from 'BBB+' and placed the ratings on Rating Watch Negative. It also lowered the country's short-term foreign currency IDR to 'F3' from 'F2' and the Country Ceiling to 'BBB' from 'BBB+'. It attributed the downgrades to the eruption of political risks in the country as reflected by the increasing momentum of the popular uprising aimed at ending Muammar Gadhafi's 42-year rule. It said it would further downgrade the ratings in the absence of a political resolution to the conflict or if violence escalates, especially in case of disruption to oil production. It noted that Libya's credit profile balances substantial oil and financial wealth against fragile and idiosyncratic political institutions. It estimated that political reforms or regime change are unlikely to be smooth, given the absence of a mechanism to guide any transition. It added that Libya has no government debt and estimated its accumulated sovereign assets at \$139bn or 190% of GDP at end-2009. It noted, however, that the country struggled to translate oil wealth into higher living standards and create jobs, with unemployment at about 20%.

In parallel, Standard and Poor's lowered Libya's long-term sovereign credit rating to 'BBB+' from 'A-' and affirmed the short-term ratings at 'A-2'. It placed all ratings on CreditWatch negative pending resolution of the turmoil, and changed the Transfer & Convertibility Assessment to 'BBB+' from 'A-'. It attributed the downgrades to its reappraisal of political risks in Libya and expected unrest to persist and to spread across the country. It noted that the government has significant flexibility to expand its social spending, as the general government surplus is estimated at 11.5% of GDP in 2010 and oil prices are above the \$100 par barrel. It warned, however, that the longer the crisis lasts the higher the risks are for the country's macroeconomic stability.

Source: Fitch Ratings, Standard and Poor's

BAHRAIN

Agencies take actions on sovereign ratings in light of increased political risks

Standard & Poor's downgraded Bahrain's long- and short-term sovereign credit ratings to 'A-/A-2' from 'A/A-1', and lowered to 'A-/A-2' from 'A/A-1' the ratings on the Central Bank of Bahrain and the Bahrain Mumtalakat Holding Co., the country's sovereign wealth fund. Further, it changed to 'A' from 'AA-' the Transfer & Convertibility Assessment and placed all ratings on CreditWatch negative. It attributed the downgrades to a reassessment of political risks in Bahrain and the persistence of protests in the country. S&P said it would further downgrade the ratings if the unrest had a negative impact on the country's medium-term growth prospects as a result of spillover effects on the real economy and the banking sector.

In parallel, Fitch Ratings placed Bahrain's long- and short-term foreign currency Issuer Default Rating (IDR) of 'A' and 'F1', respectively, on Rating Watch Negative (RNW). It also placed the local currency IDR of 'A+' on RNW and affirmed the

Country Ceiling at 'A+'. It said that the RWN reflects the escalation of sectarian tension in the country, which is creating economic and political uncertainties, as well the increased risks to the sovereign's credit profile. It considered that the risks to the economy as well as to public and external finances would increase in case protests continue. It said it would downgrade the ratings if the country's security situation worsened or larger fiscal costs incurred. It also warned that an increase in debt would weaken the kingdom's creditworthiness. Further, Moody's Investors Service placed Bahrain's 'A3' government bond ratings on review for possible downgrade due to concerns that the ongoing domestic political turmoil has raised fiscal and economic downside risks.

Source: Standard & Poor's, Fitch Ratings, Moody's Investors Service

ARMENIA

Annual inflation at 11% in January

Armenia's inflation rate increased by 10.6% in January on an annual basis, and by 2.8% month-on-month. Inflation was driven by a rise in food prices, which grew by 17.1% from January 2010 and by 5.3% from December, which led to a 13.4% annual rise and a 3.9% monthly increase in overall consumer goods prices. In comparison, prices of alcoholic beverages and tobacco increased by 1.5% annually and by 0.1% monthly, while non-food prices grew by 5.2% annually and by 0.5% monthly. Further, service prices posted a 4.6% annual growth in January and a 0.2% rise from the previous month. The government has targeted inflation at 4%, with an upward or downward margin of 1.5% for 2011.

Source: National Statistical Service

GHANA

Government disburses \$390m to settle arrears

The Ministry of Finance & Economic Planning announced the payment of GH¢596m, or about \$390m, to settle government arrears accruing till the end of 2010, including arrears to 137 road contractors. The arrears include unpaid invoices and certificates for various works executed before December 2008, as well as delayed transfers to statutory funds. A total of GH¢221.8m went to road contractors, with the remaining GH¢374.3m used to fully settle statutory transfers to various funds such as the Ghana Education Trust Fund and the National Health Insurance Fund. The amount for statutory payments represents the full settlement of arrears till end-2010, while that for road contractors covers 70% of the outstanding debts, some of which date back to 2008. The Finance Ministry said the government was now current on transfers to statutory funds as required by law. The payments to road contractors benefited 18 foreign and 119 local contractors, and would help improve their cash flow and assist them to reduce their debts. The banking sector has attributed high interest rates mainly to high bad debts accruing mostly from road contractors, despite other contributing factors. The Finance Minister said the government would continue to clear such arrears in line with its commitment to efficiently manage the domestic debt. Last year, the government settled GH¢445m of the debt the Tema Oil Refinery owed to the Ghana Commercial Bank.

Source: Daily Graphic



BANKING

WORLD

Basel III to cause economic contraction

The Organization for Economic Cooperation and Development (OECD) estimated that the implementation of Basel III proposals will cause an annual contraction of between 0.05 to 0.15 percentage point in global economic activity between 2015 and 2019. It attributed the contraction to an expected increase in bank lending spreads from higher capital requirements, as banks pass the rise in funding costs to their customers. It added that banks are expected to increase their lending spread by 15 basis points on average to meet the capital requirements of 4.5% for the common equity ratio and 6% for the Tier 1 capital ratio by 2015, therefore causing the annual economic contraction of 0.05 percentage point. It also projected an increase of 50 basis points on average in bank lending spreads in order for banks to meet the capital requirements of 7% for the common equity ratio and 8.5% for the Tier 1 capital ratio by 2019, leading to a larger annual contraction of 0.15 percentage point in economic activity. Further, the OECD considered that the macroeconomic impact of the implementation of Basel III assumes no active response from monetary policy. It noted, however, that a reduction or a delayed increase in monetary policy rates by about 30bps to 80bps on average could offset the Basel III impact on economic output.

Source: OECD

JORDAN

Trade and construction account for 47% of overall lending at end-2010

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks operating in Jordan totaled JD14.45bn at the end of 2010, constituting an increase of 8.5% from end-2009. The resident private sector accounted for 90% of the total unchanged from end-2009, followed by the non-resident private sector with 7%, public entities with 2%, the central government with 1%, and financial institutions with 0.03%. Foreign currency lending accounted for 12% of total lending, unchanged from end-2009. The distribution of lending by sector shows that general trade represented JD3.6bn, or 24.7% of the total relative to 24% at end-2009. It was followed by construction with JD3.2bn, or 22% of the total, up from 19.4% at end-2009; industry with JD1.9bn, or 13% of overall lending; public services & utilities with JD1.04bn or 7.2% of the total; transportation services with JD480m or 3.3% of credits; tourism, hotels & restaurants with JD456m, or 3.2% of the total; financial services with JD397m or 2.7%; and agriculture with JD212m, or 1.5% of overall lending. Further, other lending accounted for JD3.16bn, or 22% of total credits, of which JD436m were extended to buy shares. In parallel, loans & advances totaled JD12.4bn of overall credit, followed by overdrafts with JD1.8bn, and discounted bills with JD266m.

Source: Central Bank of Jordan, Byblos Research

BAHRAIN

Bank ratings placed on negative watch

Standard & Poor's placed Ahli United Bank's and BMI Bank's long- and short-term counterparty credit ratings of 'A/A-2' and 'BBB-/A-2', respectively, on CreditWatch with negative implications. It also affirmed Gulf International Bank's ratings at 'BBB+/A-2' with a 'stable' outlook. It attributed its actions to the risks of a further deterioration in the sovereign's creditworthiness, which would hamper economic prospects following the recent unrest. It warned that the current situation would negatively impact rated banks' financial profiles, mainly their asset quality and profitability, and potentially their liquidity positions. In parallel, Fitch Ratings placed Bank of Bahrain and Kuwait's (BBK) long-term Issuer Default Rating (IDR) of 'A-' and the National Bank of Bahrain's (NBB) long-term IDR of 'A' on Rating Watch Negative (RWN). It also placed the short-term IDRs, the Support Ratings and the Support Rating Floors of both banks on RWN. It attributed its actions to its earlier decision to place the country's sovereign ratings on RWN. It said that BBK's importance to the Bahraini banking system and its 32% ownership by the government increase the bank's probability to receive government support when needed. Also, it noted that NBB's ratings, which are in line with the country's sovereign, reflect the high probability that the bank would be supported by the Bahraini authorities given its leading status in the domestic market and the government's 49% direct ownership.

Source: Standard & Poor's, Fitch Ratings

CHINA

Central Bank raises reserve requirements to record level

The People's Bank of China (PBoC), the country's Central Bank, raised the required reserves ratio (RRR) by 50bps for all banks. The RRR now stands at between 19.5% and 20% for the large banks and at 17.5% for the small banks, reaching a record high. The decision is likely to withdraw about RMB356bn of liquidity from the banking system. The decision constitutes the eighth RRR hike since the PBoC made the first move in January 2010, as this policy tool has become increasingly effective after a cumulative hike of 400bp in about one year. In addition, the launch of discretionary RRR hikes as a punitive tool and the strict enforcement of the 70% loan-to-deposit ratio further has strengthened the PBoC's tools to fight inflation. The PBoC has accelerated its process of normalizing monetary conditions with both quantitative tightening and interest rate moves, as January's annual inflation rate of 4.9% demonstrated the continued aggravation of price pressure. Further, the RMB1.04trn net new lending in January, and reports of continued aggressive lending by some banks in February, raised the urgency of more liquidity tightening.

Source: Credit Suisse



ENERGY / COMMODITIES

Prices surge towards \$120 after Libya's unrest cuts supply

Oil prices rose more than 7.5% to \$120 per barrel on February 24, their highest level since August 2008, due to concerns that the unrest in Libya could spread to other major oil producers in the Middle East including Saudi Arabia. Also, Brent crude futures for April increased by \$8.54 a barrel to \$119.8 on February 24th. The current situation in Libya, the world's 12th biggest oil exporter, has led to a decrease of at least 400,000 barrels per day. Brent is expected to rise to as high as \$158 per barrel in 2011, well above its 2008 level of \$147.5, while U.S. crude is projected to touch \$159 per barrel. U.S. crude for April delivery rose to \$103.4, the highest level since September 2009. The concern for oil markets is how unrest might affect Saudi Arabia, which not only pumps around 10% of the world's oil but is also the only holder of significant spare crude production capacity that can be used to plug outages. The Kingdom announced that it is ready to supply high quality, light oil to replace any lost Libyan crude. Italy will be the most affected by Libya's turmoil as oil imports from Libya constitute 24% of total consumption in the country, followed by Ireland with 13%, Austria (12%), Portugal (11%), France (10%), Spain (9%) and Switzerland and Serbia with 8% each.

Source: Thomson Reuters, EIA, Stratfor

Italy's Eni and Spain's Repsol halve oil production in Libya

The Italian energy company with the largest operations in Libya Eni, cut its oil and natural gas production from 280,000 barrels per day to 120,000 barrels per day in Libya. Also, Spain's largest oil company Repsol stated on February 24 that it plans to maintain production in Libya at around half of its normal level. Repsol produced 34,777 barrels per day in Libya in 2009. Further, France's Total SA suspended part of its oil production in Libya while Germany's Wintershall stopped its operations in the country.

Source: AFP

Iraqi oil output to reach 2.75 million bpd in 2011

Crude oil production is expected to reach 2.75 million barrels per day in Iraq in 2011. Exports from fields in the northern Kurdish region reached between 60,000 and 70,000 billion barrels per day. Total oil exports and revenues from crude sales in January 2011 hit their largest levels since the 2003 U.S.-led invasion. Iraq exported 67 million barrels of oil in January, generating around \$6.1bn. The Oil Ministry plans to award a deal worth \$4bn this year to build a refinery in Kerbala province in south of Baghdad.

Source: Dow Jones Newswires, Thomson Reuters, AFP

Iran-Europe gas pipeline to be finalized

A contract for the construction of Iran-Europe gas pipeline is expected to be signed by National Iranian Gas Company (NIGC), Khatam-ul-Anbia Construction and Bank Parsian next week. The pipeline is about 1,300 km in length and its first and second phases from Assalouyeh to Ahvaz, extending over 611 km, have been constructed. The contract was valued at \$1.3bn.

Source: Iran Daily

Base metals: Aluminum supply is most exposed

Base metal prices have been fluctuating as tensions in the MENA region intensify and worries about a slowdown in China increase. Therefore, the base metals complex is expected to be volatile in this environment with aluminum outperforming as it is most exposed to the region. If tensions in the MENA continue, aluminum would be most exposed due to the fact that it is the most energy intensive metal to smelt. Also, aluminum is the only base metal with significant amounts of output capacity in the region, where Bahrain, Iran, Oman, and the UAE currently account for 7% of the global output. Aluminum LME stocks continue to rise and were up 27 kilo tons week-on-week and 344 kilo tons year-to-date to 4.62 million tons. Spot premiums have stayed very high, which suggest that the rise in LME stocks is more a result of switching from non-LME to LME warehouses.

Source: Standard Chartered

Precious metals: Gold prices remain high on heightened MENA tensions

Gold prices increased in the past week above \$1,400 per ounce, as heightened tensions in the MENA region led to a return to safe-haven buying. This was combined with a continued rise in speculative positions on U.S. exchanges and a bullish report from the World Gold Council (WGC). The WGC said gold demand grew by 9% in 2010 and reached a 10-year high. Figures for gold supply were more bearish, as mine production grew by 19% year-on-year in the fourth quarter of 2010 and scrap supply rose by 17%.

Silver was the strongest performing precious metal during the week with a 9% increase in prices from the previous week. Net speculative positions on U.S. exchanges for silver have also risen 33% from two weeks ago. Silver coin sales declined in February 2011, where the U.S. Mint recorded 1.8 million ounces of sales, down from 6.4 million ounces in January. Also, the platinum group metals remain in favorable places, where investor flows into platinum ETPs are stronger than for palladium. Both markets are benefiting from the recovery in global auto sales.

Source: Standard Chartered

Global Commodity Outlook			
(3-months LME, \$/ton)	2010	2011f	2012f
Aluminum	2,201	2,363	2,300
Copper	7,570	9,938	10,000
Lead	2,172	2,588	2,650
Nickel	21,913	25,500	23,000
Tin	20,448	31,000	28,000
Zinc	2,188	2,413	2,400
(Spot price, \$/ounce)			
Gold	1,227	1,413	1,200
Palladium	529	863	900
Platinum	1,613	1,925	2,050
Silver	20	28	22

Source: Standard Chartered



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								
Africa													
Algeria	-	-	-	-	BB	-9.9	16.1	2.9	7.4	2.0	3.2	3.4	1.8
	-	-	-	-	Stable								
Angola	B+	B1	B+	-	B	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
	Stable	Positive	Positive	-	Stable								
Egypt	BB	Ba2	BB	BB+	BB	-8.2	74.2	14.3	66.5	4.6	88.3	-2.0	3.3
	Negative	Negative	Negative	Negative	Stable								
Ethiopia	-	-	-	-	CCC	-1.5	-	-	257.5	-	-	-3.9	0.3
	-	-	-	-	Stable								
Ghana	B	-	B+	-	B	-10.8	-	34.9	50.0	-	-	-11.6	10.9
	Stable	-	Negative	-	Stable								
Ivory Coast	-	-	-	-	CCC	-0.2	-	50.1	111.2	-	-	6.8	1.8
	-	-	-	-	Stable								
Libya	BBB+	-	BBB	-	BB	13.3	0	7.2	11.6	3.2	5.1	20.1	2.5
	Negative	-	Negative	-	Stable								
Mauritania	-	-	-	-	-	-4.5	88.5	69.8	128.4	-	1,220	-7.6	-1.3
	-	-	-	-	-								
Morocco	BBB-	Ba1	BBB-	BBB-	BB	-4.5	49.9	24.1	78.4	8.0	110.0	-5.3	0.9
	Stable	-	Stable	Stable	Stable								
Nigeria	B+	-	BB-	-	B	-7.9	14.1	5.0	14.2	0.7	-	13.0	0
	Stable	-	Negative	-	Stable								
Sudan	-	-	-	-	C	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
	-	-	-	-	Stable								
Tunisia	BBB	Baa3	BBB	BBB	BB	-2.8	43.0	46.3	101.0	11.7	195.2	-4.4	3.7
	Stable	Negative	Stable	Stable	Stable								
Middle East													
Bahrain	A-	A3	A	A	BBB	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
	Negative	Stable	Negative	Stable	Stable								
Iran	-	-	B+	BB-	B	0.4	21.7	5.6	19.9	2.7	21.3	4.2	0.8
	-	-	Stable	Stable	Stable								
Iraq	-	-	-	-	CC	-14.2	42.2	41.8	65.4	-	75.3	-14.4	1.4
	-	-	-	-	Stable								
Jordan	BB	Ba2	-	BB	B	-6.3	63.0	19.2	44.8	4.8	48.6	-7.2	9.2
	Negative	Negative	-	Stable	Stable								
Kuwait	AA-	Aa2	AA	AA-	A	17.1	6.5	46.2	72.2	3.7	224.0	30.1	-8.7
	Stable	Negative	Stable	Stable	Stable								
Lebanon	B	B1	B	B	CCC	-8.7	139.0	160.3	243.4	14.7	212.2	-11.1	10.5
	Positive	Stable	Stable	Stable	Stable								
Oman	A	A2	-	A	A	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	AA-	A	10.8	27.2	80.6	139.3	10.0	512.3	15.6	5.0
	Stable	Stable	-	Stable	Stable								
Saudi Arabia	AA-	Aa3	AA-	AA-	BBB	1.9	12.9	22.6	40.5	2.4	22.7	6.7	7.7
	Stable	Stable	Stable	Stable	Stable								
Syria	-	-	-	BB-	B	-4.3	26.9	14.9	48.0	-	52.9	-3.9	2.7
	-	-	-	Stable	Stable								
UAE	-	Aa2	-	AA-	BB	-2.7	24.7	53.1	57.7	7.3	360.4	5.4	0.6
	-	-	-	Stable	Stable								
Yemen	-	-	-	B	CC	-5.5	45.8	21.4	70.5	-	139.6	-4.9	0.3
	-	-	-	Stable	Stable								

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								
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
	-	-	Stable	-	-								
Bulgaria	BBB	Baa3	BBB-	-	BB	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB	Baa2	BBB-	-	BB	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
	Stable	-	Stable	-	Stable								
Romania	BB+	Baa3	BB+	BBB-	BB	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
	Negative	-	Stable	Negative	Stable								
Russia	BBB	Baa1	BBB	-	BBB	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
	Stable	Positive	Stable	-	Stable								
Turkey	BB	Ba2	BB+	BB	B	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
	Positive	Positive	Stable	Stable	Stable								
Ukraine	B+	B1	B	-	CCC	-5.5	39.2	79.0	164.9	35.9	330.0	-2.0	4.0
	Stable	Positive	Negative	-	Stable								

Sources: International Monetary Fund; Economist Intelligence Unit - The above figures are estimated for 2010



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	26-Jan-11	No change	15-Mar-11
Eurozone	Refi Rate	1.00	03-Feb-11	No change	3-Mar-11
UK	Bank Rate	0.50	10-Feb-11	No change	10-Mar-11
Japan	O/N Call Rate	0-0.10	25-Jan-11	No change	15-Feb-11
Australia	Cash Rate	4.75	01-Feb-11	No change	01-Mar-11
New Zealand	Cash Rate	3.00	09-Dec-10	No change	10-Mar-11
Switzerland	3 month Libor target	0.25	16-Dec-10	No change	17-Mar-11
Canada	Overnight rate	1.00	18-Jan-11	No change	01-Mar-11
Emerging Markets					
China	One-year lending rate	6.06	08-Feb-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	26-Jan-11	No change	15-Mar-11
Taiwan	Discount Rate	1.63	30-Dec-10	Raise 12.5bps	25-Mar-11
South Korea	Base Rate	2.75	13-Jan-11	Raise 25bps	11-Feb-11
Malaysia	O/N Policy Rate	2.75	27-Jan-11	No change	11-Mar-11
Thailand	1D Repo	2.25	12-Jan-11	Raise 25bps	09-Mar-11
India	Reverse repo rate	6.50	25-Jan-11	Raise 25bps	17-Mar-11
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	6.25	20-Jan-11	Cut 25 bps	15-Feb-11
South Africa	Repo rate	5.50	20-Jan-11	No change	24-Mar-11
Kenya	Central Bank Rate	5.75	28-Jan-11	Cut 25 bps	Mar-11
Nigeria	Monetary Policy Rate	6.50	25-Jan-11	Raise 25bps	Mar-11
Ghana	Prime Rate	13.50	10-Dec-10	No change	18-Feb-11
Angola	Rediscount rate	30.00	16-Jun-10	No change	N/A
Mexico	Target Rate	4.50	21-Jan-11	No change	04-Mar-11
Brazil	Selic Rate	11.25	19-Jan-11	Raise 50bps	02-Mar-11
Armenia	Refi Rate	7.75	08-Feb-11	Raise 50bps	N/A
Romania	Policy Rate	6.25	05-May-10	No change	N/A
Bulgaria	Base Interest	0.19	01-Feb-10	Raise 1bps	N/A
Kazakhstan	Refi Rate	7.00	01-Jan-11	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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