

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Cross-border real estate investments up 60% to \$130bn in 2010**

Jones Lang LaSalle indicated that cross-border real estate investments totaled \$130bn in 2010, constituting an increase of 60% from \$81.3bn in 2009. Cross-border deals accounted for 60% of total direct commercial real estate transactions in 2010, matching the peak reached in 2007. It said that cross-border transactions in Europe, the Middle East & Africa (EMEA) increased by 53% to \$72bn, while they rose by 37% to \$27bn in Asia Pacific last year. It added that cross-border transactions in the EMEA and Asia Pacific regions accounted for 53% and 32%, respectively, of total commercial real estate transactions in each region. Further, global cross-border activity in the office sector increased by 57% to \$47bn, investments in the retail sector grew by 31% to \$17bn, and transactions in the hotels sector rose by 203% to \$10bn. Cross-border transactions in the office sector accounted for 58% of the total, followed by retail with 21%, and the hotels sector with 12%. In parallel, it noted that global inter-regional transactions reached \$82bn in 2010, equivalent to 25% of total direct commercial real estate transactions. Inter-regional investment volumes totaled \$36bn in the EMEA and \$31bn in the Americas in 2010.

*Source: Jones Lang LaSalle*

##### **Corporate default rate at 2.8% at end-February 2011**

Moody's Investors Service indicated that the rate of global speculative-grade corporate defaults reached 2.8% at the end of February 2011, unchanged from the previous month, and down from 3% at the end of 2010 and from 11.7% at end-February 2010. The agency forecast the global speculative-grade default rate to fall to 1.4% at the end of this year and to 1.6% at the end of February 2012. It also projected the default rate to decline to 1.6% among U.S. issuers and to 1% among European issuers by the end of 2011. It expected defaults to remain low throughout the year despite uncertainties linked to the strength of the global economic recovery and rising oil prices. Measured on a dollar volume basis, the global speculative-grade bond default rate ended February at 1.6%, unchanged from January, but significantly lower than the 15.2% reached a year earlier. Moody's added that its speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, stood at 7.6% at end-February, down from 8.6% at the end of January, 10.5% at the end of 2010 and 21.1% a year earlier.

*Source: Moody's Investors Service*

#### MENA

##### **Country risk deteriorates on political instability**

*Euromoney* magazine's semi-annual survey on global country risk shows that risk in the MENA region deteriorated in the past 6 months and worsened on an annual basis. The average score of 20 MENA countries reached 48.5 points in March 2011, down 9.5% from 53.6 points in September 2010, and down 3.2% from 50.1 points in March 2010. Also, the average score of Arab countries reached 46.3 points in March 2011, down 13.5% from last September and regressing by 7.7% from March 2010. The scores of two MENA countries improved and 18 regressed from September 2010, while the rankings of 10 countries improved, 9 declined and one remained unchanged in the previous six months. The region's Political Risks score was 44.8 points, down 18.5% from September 2010, and below the global average of 45.6 points; while the MENA Economic Performance score declined by 14.7% to 51.2 points but remained favorable relative to the global average of 43.1 points. Further, the MENA region's Credit Ratings averaged 3.9 points, unchanged from September 2010; while its score on Access to Bank Capital & Capital Markets dropped 25% from September 2010. Also, the region's score on Debt Indicators improved by 15% to 7.3 points, slightly better than the global average of 7.1 points. Qatar is the country with the best country risk ratings in the MENA region while Mauritania continues to have the worst risk level in the region.

*Source: Euromoney, Byblos Research*

#### GCC

##### **Cautious outlook on companies in light of regional developments**

Moody's Investors Service indicated that the outlook on GCC corporates is cautious in light of recent political developments in the region. It said the downward ratings trend seen in 2009 and 2010 has abated, but moderate pressure is likely to continue in 2011. It added that regional political instability could have a near-term economic impact on selected markets and issuers. Also, the risk of downgrades remains highest for lower-rated issuers, especially in the non-investment-grade category, due to their need to refinance upcoming debt maturities and in some cases continue restructuring their real estate exposures. In parallel, it noted that any changes in government support or in the strength and stability of the economic environment in which government-related issuers operate can have a major impact on ratings. It said that the Dubai-based government-owned companies remain a key area of concern, given the various challenges these entities face and the options at the government's disposal for addressing their refinancing exposure. Moody's noted that the rise in commodity prices, particularly in the hydrocarbon and petrochemical sectors, bolster the ability of governments to redistribute resources to investment and social programs, and constitute a factor of stability for corporates.

*Source: Moody's Investors Service*

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# OUTLOOK

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## MENA

### Structural reforms unlikely without stable governments

Standard & Poor's indicated that the current unrest across the MENA region could potentially accelerate the pace of structural reforms if governments perceive the reforms as long-term solutions to the current political problems. It noted, however, that structural reforms typically require strong and stable governments able to take difficult and often unpopular decisions. It said that several MENA countries could need a significant amount of time for their political environments to reach the point where the government could pursue a comprehensive reform agenda. It expected that governments are more likely to respond to the political volatility over the near term through higher levels of spending. It considered that such spending fails to address the structural issues that have contributed to the high levels of unemployment and cost of living. It added that higher government spending is likely to increase fiscal imbalances, particularly due to the effect of the political turmoil on economic growth and fiscal revenues. In turn, this could heighten the long-term fiscal risks for macroeconomic stability. It expressed concerns that political uncertainties could halt the reform momentum, or in a worst-case scenario, start to undo previous positive reforms.

S&P said that the recent changes that have been initiated in a number of MENA countries could support their sovereign creditworthiness if such changes result in a more inclusive political system, strengthened political institutions, and reduced the potential for strife. It added that stepping up the fight against corruption and nepotism could also enhance governance and growth prospects, which would be positive for sovereign creditworthiness and ratings. However, it did not expect that such changes could occur rapidly. It cautioned that new, reformed institutions may turn out to be as insufficient as previous ones, or that the reform process stalls and the void left by deposed rulers and governments is filled by new faces but old policies.

*Source: Standard & Poor's*

## SYRIA

### Travel and tourism economy to generate \$8.6bn this year, hotel sector has significant potential

The World Travel & Tourism Council (WTTC) estimated that the travel & tourism industry would contribute directly \$3.43bn to the Syrian economy in 2011, equivalent to 5.7% of GDP, and will directly support 320,000 jobs, representing 4.8% of total employment in the country. It added that, since travel & tourism (T&T) touches all sectors of the economy, its real direct and indirect impact is even greater, and forecast it will generate \$8.6bn, or 14.2% of overall economic activity in Syria in 2011, and will support 829,000 jobs, representing 12.4% of total employment. It added that the T&T industry's direct contribution to economic activity will rise to SYP240.4bn, or 5.3% of GDP in 2021, while the broader T&T economy will contribute SYP607.5bn, or 13.4% of GDP by 2021.

The WTTC projected the T&T economy in Syria to grow by 3.9% per year in real terms between 2011 and 2021 compared

to 4.6% in the Middle East and 4.1% globally over the same period of time, while the T&T direct industry will grow by 3.9% per year in real terms during the 2011-2021 period compared to 4.6% growth for the Middle East and 4.4% globally. Syria's T&T economy ranks in 153rd place among 181 countries in terms of its contribution to GDP in 2011, while it ranks in 121st place worldwide in terms of its annualized growth rate over the 2011-21 period. Further, the T&T direct industry jobs are forecast to reach 417,000 or 4.4% of total jobs in Syria by 2021, while employment in the T&T economy should total 1.1 million jobs overall, equivalent to 11.5% of total employment by 2021. Syria ranks 38th worldwide in terms of the share of its T&T economy employment out of total employment, while it comes in 54th place in the real growth rate of T&T employment over the coming 10 years.

In parallel, hotel consulting firm HVS indicated that the Damascus hotel market has the potential for the development of new hotel properties across all categories. It said there are about 225 hotels in Damascus, with one-star hotels accounting for 61% of the total, followed by two-star properties with 18%, three stars with 11%, four stars with 6% and five stars with 4%. It noted that 28% of guests stay at two-star hotels, while one-star properties account for 21% of guests, followed by four- and five-star hotels with 18% each, and three-star properties with 13% of guests. It added that the hotel market in Damascus and Syria is undersupplied, both in terms of number of rooms and the presence of international management companies. It expected that strong demand, low supply, proposed renovations and an uncertain future supply timeline to strengthen the Damascus hotel market.

*Source: World Travel & Tourism Council, HVS*

## EGYPT

### Rising cost of debt is major risk for firms

Regional investment bank EFG Hermes estimated that the rising cost of debt in Egypt is likely to be a more significant risk for firms than the cost of labor, despite the impact of the government-mandated successive 15% annual wage increases. It said risk-free rates, as proxied by after-tax one-year T-bill yields, have risen by over 150 basis points since the fourth quarter of 2010. It expected interest rates on corporate borrowing to follow suit even if the Central Bank of Egypt decides to keep policy rates unchanged. It said borrowers in U.S. dollar may see smaller increases in their cost of borrowing; but added that rising input costs, particularly for commodities, should increase working capital requirements and may mean lower profit margins. It noted that industrials and materials producers are the most highly leveraged sectors. EFG Hermes indicated that firms with high public-sector ownership show the greatest sensitivity to rising labor costs, while the least vulnerable are industrials where labor costs are low as a share of total costs. It added that average labor costs are highest for private sector banks, making them less vulnerable to repeated requests for large pay rises, while wages are lowest at producers of consumer staples. It noted that companies that are more geared to Egypt's economic cycle, such as materials producers and contractors, will be less able to pass on rising costs to consumers.

*Source: EFG Hermes*

# ECONOMY & TRADE

## BAHRAIN

### Ratings downgraded on uncertain outlook

Fitch Ratings downgraded Bahrain's long-term foreign currency Issuer Default Rating (IDR) to 'A-' from 'A', the local currency IDR to 'A' from 'A+' and the Country Ceiling to 'A' from 'A+'. It affirmed the short-term foreign currency IDR at 'F1' and assigned a 'negative' outlook to the country's long-term ratings, reflecting the economic and political uncertainties. It attributed the downgrade to the impact of recent political developments on Bahrain's short-term growth and to a potential fiscal expansion over the medium term as the debt-to-GDP ratio doubled to 33% in 2010 from 16.5% in 2008. It considered that the budgetary expansion would be affordable given the increase in oil prices and output, while it noted that the increase in the debt level would weigh on the sovereign's flexibility to deal with shocks that might materialize in an uncertain environment. It warned that the longer the crisis lasts the higher the risks are for the country's security situation, which would prompt further downgrades. In parallel, Fitch downgraded the country's sovereign wealth fund, Bahrain Mumtalakat Holdings Co's long term IDR and senior rating to 'A-' from 'A', as it is 100%-owned by the government.

Source: Fitch Ratings

## TUNISIA

### Ratings lowered on future uncertainties

Fitch Ratings downgraded Tunisia's long-term foreign currency Issuer Default Rating (IDR) to 'BBB-' from 'BBB' and long-term local currency IDR to 'BBB' from 'A-' with a 'negative' outlook. It also downgraded Tunisia's Country Ceiling to 'BBB' from 'BBB+' and short-term foreign currency IDR to 'F3' from 'F2'. It attributed its actions to the uncertainties about the country's stability and economic policy amid a difficult political transition that worsened the short-term outlook for the economy, public finances and financial system. It projected the economy to grow between 1% and 2% in 2011, well below the 5% forecast in late 2010, and expected the fiscal deficit to widen in 2011 as spending plans announced by the government would exceed the contingency amount in the budget of 0.6% of GDP. It added that spending on subsidies would also exceed the ceiling set by the former administration because of the upward trend in global oil prices. It warned that the downside to the financial sector increased, as commercial banks lent around \$1.8bn, or 6% of credit to the private sector, to companies connected to the former ruling family. It projected the NPL-to-assets ratio to increase from its current level of 12%, partially reversing the decline of recent years.

Source: Fitch Ratings

## OMAN

### Sovereign ratings on CreditWatch negative

Standard & Poor's placed Oman's 'A/A-1' long- and short-term local and foreign currency ratings on CreditWatch negative. It attributed its decision to the potential impact of ongoing protests on the country's political stability and on its economy and public finances. It also expected protests to continue despite recent government measures to improve living standards. It estimated the total cost of these measures at 1% of GDP per year,

but it considered that the extra spending would not reverse the current positive trend in the fiscal balance and projected a surplus of at least 5% of GDP in 2011 compared to 5.6% of GDP in 2010, as oil prices are expected to average between \$90 and \$100 per barrel in 2011. It added that the current political tension could affect Oman's sovereign creditworthiness and would further reduce the fiscal surplus if the government implemented additional measures. It expected the economic impact of demonstrations to be moderate in the short-term, as they have not caused disruption to the country's oil and gas exports and would have limited impact on the non-oil economy. It projected real GDP growth at between 4% and 5% in 2011, net external assets at 88% of current-account receipts and GDP per capita at \$21,000 in 2011.

Source: Standard & Poor's

## SUDAN

### North and South agree on debt relief

North and South Sudan reached an agreement to seek clearance of the country's external debt, as well as on facilitating trade, dealing with oil sector firms and introducing a new currency in the South ahead of the latter's official secession in July. South Sudan is due to declare its formal independence from the North on July 8 after it voted overwhelmingly for secession in a referendum held last January. The two sides are also negotiating a wide array of post-referendum issues that cover the ownership of the central disputed area of Abyei, currency, oil, Nile water, international agreements and liabilities. The two parties said they agreed to embark on a joint effort to secure debt relief from Sudan's international creditors and on the formula to apportion the debt. Sudan's total external debt is estimated at \$37.8bn at end-2010, with over \$30bn in arrears. Sudan owes \$11.2bn to members of the Paris Club, \$13.3bn to non-members of the Paris Club, \$4.5bn to commercial banks and \$1.4bn to international suppliers. The two parties also decided to establish a joint committee to consider ways of facilitating trade and trade-related payment arrangements. However, the South said that its cooperation on debt relief is conditional on the North's cooperation on border issues, including the contested area of Abyei, as well as on redeeming the Sudanese pound from the South with the latter's introduction of its own currency.

Source: Thomson Reuters, International Monetary Fund

## ARMENIA

### Annual inflation at 12% in February

Armenia's inflation rate increased by 12.4% in February on an annual basis, as well as by 1.9% month-on-month and by 4.8% since end-2010. Inflation was driven by a rise in food prices, which grew by 18.8% from February 2010 and by 7% from end-December, which led to a 14.6% annual rise and a 1.3% 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 5.4% annually and by 0.6% monthly. Further, service prices posted a 7.5% annual growth in February and a 3.4% 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

# BANKING

## LIBYA

### Libyan-owned banks downgraded

Fitch Ratings downgraded the British Arab Commercial Bank's (BACB) and the Bahrain-based Arab Banking Corporation's (ABC) long-term Issuer Default Rating (IDR) to 'BBB-' from 'BBB' and to 'BB' from 'BBB-', respectively. It also lowered ABC's short-term foreign currency IDR to 'B' from 'F3' while it downgraded BACB's and Italy-based Banca UBAE's Support Ratings from to '5' from '3' and that of ABC's to '3' from '2'. Further, it placed BACB's short- and long-term IDRs, UBAE's long-term IDR, and both banks' Individual Rating on Rating Watch Negative, while it assigned a 'negative' outlook to ABC. It attributed its actions to the heightened instability and uncertainty in Libya, and the potential effect of international sanctions on Libya's financial institutions. BACB and Banca UBAE are majority-owned by the Central Bank of Libya, while the Libya Investment Authority is ABC's largest shareholder. The agency added that its actions reflect the concentration of the banks' operations in Libya and other regional countries where the operating environment is difficult and where the banks have funding and credit exposures. Fitch warned that it would further lower the ratings if reduced business volumes resulted in weaker profitability, or if the banks would not maintain adequate liquidity profile or if the increased volatility where banks are exposed led to significant credit losses.

Source: Fitch Ratings

## BAHRAIN

### Banks downgraded on sovereign action

Fitch Ratings downgraded Bahrain-based BBK's and National Bank of Bahrain's (NBB) long-term Issuer Default Ratings (IDR) to 'BBB+' and 'A-', respectively, with a 'negative' outlook. Further, it affirmed Ahli United Bank's (AUB) long-term IDR at 'A-' and short-term IDR at 'F2', and Gulf International Bank's (GIB) long-term IDR at 'A' and short-term IDR at 'F2'. It attributed the downgrades to its earlier decision to downgrade Bahrain's sovereign ratings. It said that BBK's and NBB's ratings reflect the high probability that both banks would receive support from the Bahraini authorities in case of need, as the latter own 32% and 49% respectively of both banks and given their importance to the banking system. It added also that AUB would receive support from the government of Kuwait in case of need, as it owns an 18.8% stake in the bank; while GIB would receive support from its major shareholder, the Public Investment Fund of Saudi Arabia.

Source: Fitch Ratings

## TUNISIA

### Bank ratings downgraded

Fitch Ratings downgraded Arab Tunisian Bank's (ATB) long- and short-term foreign Issuer Default Rating (IDR) to 'BBB' and 'F3', respectively, and assigned a 'negative' outlook to the long-term IDR. It also downgraded the Support rating to '3' of Société Tunisienne de Banque, Banque Nationale Agricole, Banque de l'Habitat, Banque Internationale Arabe de Tunisie, and Caisse des Prêts et de Soutien des Collectivités Locales, while it affirmed ATB's rating at '2'. It attributed its actions to its earlier decision to downgrade Tunisia's sovereign ratings and country

ceiling. Standard & Poor's and Moody's Investors Service have also downgraded the ratings of several Tunisian banks on risks of a deterioration in asset quality, profitability and liquidity.

Source: Fitch Ratings

## SUDAN

### Anti-money laundering deficiencies remain

The Financial Action Task Force, the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Sudan has taken steps towards improving its AML/CFT regime, including by issuing Financial Intelligence Unit regulations and circulars to financial institutions. But it considered that certain strategic deficiencies remain. It encouraged the authorities to address these deficiencies by implementing adequate procedures for identifying and freezing terrorist assets; ensuring a fully operational and effectively functioning Financial Intelligence Unit; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT; and implementing a supervisory program for the regulators to ensure compliance with the provisions of the new law and regulations.

Source: Financial Action Task Force

## NIGERIA

### Bank solvency drops drastically on debt crisis

The risk-weighted capital adequacy ratio of banks operating in Nigeria reached 7% at the end of June of 2010, down from 21% at the end of 2009 and 22.6% at end-2008. Also, the Tier One capital ratio reached 4.4% at end-June 2010 relative to 18.8% at end-2009 and 22.3% at end-2008. Further, the sector's capital-to-assets ratio was 3.6% at end-June, down from 15.2% at end-2009 and 18.5% at end-2008. The sector's solvency has been negatively affected by a debt crisis that required the Central Bank of Nigeria's intervention in 10 banks. The average capital-to-assets ratio of the 14 banks not affected by the CBN's bailout measures remain above the minimum threshold of 10%, while it is negative for the 10 banks that required CBN intervention. In parallel, the sector's liquid assets reached 17.7% of total assets at end-June 2010 relative to 17.3% at end-2009 and 18.8% at end-2008. Further, the sector's customer deposits represented 124.4% of loans at end-June compared to 122.2% at the end of 2009 and 135.1% at end-2008; while liquid assets accounted for 19.4% of short-term liabilities at end-June relative to 22.1% at end-2009 and 24.2% at end-2008.

The sector's non-performing loans reached 30.1% of total loans at the end of June 2010, relative to 29.1% at the end of 2009 and 0.3% at end-2008. But the NPLs of unaffected banks remained stable at an average of 10%. Further, the sector's net NPLs-to-capital ratio reached 64% at end-June from 18.6% at end-2009 and from -6.7% at end-2008. Also, banks' return on assets reached 0.4% at end-June 2010 on an annualized basis relative to -1.5% in 2009 and 0.4% in 2008; while their return on equity was 11.8% in June annually compared to -9.6% in 2009 and 1.9% in 2008. The sector's interest margin-to-gross income declined to 5.6% at end-June from 116% at end-2009.

Source: International Monetary Fund

# ENERGY / COMMODITIES

## Crude oil futures fall as dollar strengthens

Brent crude futures for April fell by \$1.4 to \$114.5 a barrel on March 10 as the dollar index strengthened. Also, U.S. crude futures fell \$1 to \$103.4 a barrel after reaching a two and a half year peak of almost \$107 a barrel earlier this week. However, the focus remained on Libya, where escalating violence triggered fears that the country's oil infrastructure could suffer long-lasting damage. Libyan oil trade has been paralyzed as banks decline to clear payments in dollars due to U.S. sanctions. Libya's National Oil Corporation said that production was cut to about half a million barrels per day from 1.6 million barrels per day, as many foreign and local workers had left oilfields. In parallel, the Energy Information Administration forecast OPEC's oil production to increase by 0.07 million barrels per day to 29.6 million barrels per day in 2011. It projected however, the excess reserve capacity of OPEC to fall to 4.1 million barrels per day in 2011 compared to 4.4 million barrels per day in 2010.

Source: Thomson Reuters, Energy Information Administration

## OPEC to increase supply by 1.9 million barrels per day in 2012

The Energy Information Administration (EIA) expected the Organization of the Petroleum Exporting Countries (OPEC) to increase oil supplies by 1.9 million barrels per day to 31.45 million barrels per day in 2012, up from 1.2 million barrels per day in a previous forecast. It attributed the rise in output to the continuous growth in global hydrocarbons demand and to limited oil supply' growth in non-OPEC countries. It expected OPEC members to offset the decline in Libya's oil production, through an increase in output.

Source: Energy Information Administration

## Angola's oil production capacity at 2 million barrels per day by 2012

Angola's oil Minister Jose Maria Botelho de Vasconcelos estimated the country's current oil production at 1.7 million barrels per day and stated that the country's oil production capacity could reach 2 million barrels per day in 2012. He considered that an ideal price for Brent crude would be of \$90 a barrel. Angola is one of Africa's two top producers of crude, along with Nigeria and is considered a significant source of commodities to the U.S. and China.

Source: Dow Jones Newswire

## Oil output in Ghana's offshore at 250,000 barrels a day by 2014

Tullow Oil announced that output from Ghana's offshore oil fields operated by the company is expected to reach 250,000 barrels a day by 2014. Tullow's first offshore field, Jubilee, is expected to produce 120,000 barrels a day by July 2011. Merrill Lynch stated that Tullow would reach its target of doubling the output within four or five years, based on existing discoveries.

Source: Dow Jones Newswire

## Base metals: Prices volatile as oil rallies

Base metal prices were volatile in the past week with an absence of bullish sentiment as oil prices rallied. Economic data from the U.S. were stronger than expected, with car sales data for February reaching a six-month high. As such, aluminum, which is used intensively in the car sector, was the best performer in the past week rising by 0.4% week-on-week. Aluminum is currently more exposed to rising oil prices and tensions in the Middle East. The region accounts for 7% of global smelter output, with significant capacity in countries such as Dubai, Oman, Qatar and the UAE. Other base metals are not exposed by a significant degree, which is adding a risk premium to aluminum prices. Also, the ongoing conflict in Libya and lower demand in China weighed on copper, while zinc fell by 2.4% week-on-week.

Source: Standard Chartered

## Precious metals: Higher prices on inflation worries

Silver hit a multi-year high of around \$37 an ounce this week and was particularly a strong performer, rising 8% week-on-week and 24% month-on-month. Gold continued its slow and steady rise, as the spot price reached another record high of \$1,445 an ounce this week. Palladium and platinum also made modest gains, where both struggled from declining risk appetite. However, the precious metals complex significantly outperformed the base metals. Worries about inflation and the rally in U.S. inflation expectations resulting from rising oil prices are the main concern for precious metals.

The most recent data for gold means that the net managed money position on U.S. exchanges was up 61% from the start of February. The major physical ETFs also rose in recent days, posting a net inflow of 0.5% since the start of March and reaching 0.35 million ounces. Gold imports were estimated at between 160 and 200 tons in the first two months of 2011. The net managed money position of silver was up 50% during February, while physical ETFs were up 3.5% for the month. The platinum group metals is expected to make further gains if the slowdown in China proves to be short-lived, but platinum is projected to outpace palladium.

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								
<b>Africa</b>													
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+	-	BB	-	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	Negative	Stable	Stable								
<b>Middle East</b>													
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								
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								
<b>Central &amp; Eastern Europe</b>													
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	15-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
<b>Emerging Markets</b>					
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	11-Feb-11	Raise 25bps	10-Mar-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 25bps	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	23-Mar-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	Apr-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	09-Mar-11
Armenia	Refi Rate	8.25	04-Mar-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	7.50	09-Mar-11	Raise 50bps	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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