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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

BIS calls for raising policy rates

The Bank for International Settlements (BIS) declared that Central Banks need to start raising interest rates in order to contain inflation pressures and ward off financial stability risks. It said that soaring commodity prices have pushed headline inflation rates up to uncomfortable levels in many economies, while tighter capacity constraints have heightened the risks of second-round inflation effects. It added that the prolonged period of very low interest rates risks creating serious financial distortions, misallocations of resources and delay in the necessary deleveraging in the advanced countries most affected by the crisis. It noted that some emerging market economies show signs of a renewed build-up of financial imbalances similar to those seen in advanced economies prior to the global crisis. The BIS considered that Central Banks must be prepared to raise policy rates at a faster pace than in previous tightening episodes due to these prevailing risks. It stressed the need for Central Banks to preserve their hard-won credibility in fighting inflation, which is particularly important now as high public and private sector debt may be perceived as constraining the ability of Central Banks to maintain price stability.

Source: Bank for International Settlements

Middle East accounts for 4% of global individual wealth, has 400,000 high net worth individuals

Capgemini and Merrill Lynch's 2011 World Wealth Report indicated that the financial wealth of high net worth individuals (HNWI) reached $42.7 trillion in 2010, constituting a 9.7% increase from the previous year and surpassing the 2007 pre-crisis peak of $40.7 trillion. It defined HNWIs as individuals possessing assets of $1m or more, excluding primary residence, collectibles, consumables, and consumer durables. It noted that the world's population of HNWIs grew by 8.3% to 10.9 million in 2010 compared to a growth rate of 17% in 2009. It said that North America's HNWI wealth totaled $11.6 trillion in 2010 and accounted for 27.2% of global financial wealth. It was followed by Asia-Pacific with $10.8 trillion (25.3%), Europe with $10.2 trillion (24%), Latin America with $7.3 trillion (17%), the Middle East with $1.7 trillion (4%) and Africa with $1.2 trillion (2.8%). It noted that the annual growth in HNWI wealth ranged between 13.6% in Africa and 7.2% in Europe. It added that the population of HNWIs in North America stood at 3.4 million individuals in 2010, followed by Asia-Pacific with 3.3 million, Europe with 3.1 million, Latin America with 0.5 million, the Middle East with 0.4 million and Africa with 0.1 million. It said that the annual growth in the number of HNWIs fluctuated between 11% in Africa and 6.2% in Latin America. In parallel, it indicated that Ultra-HNWIs accounted for 36.1% of global HNWI wealth, and represented only 0.9% of the global HNWI population. It defined Ultra-HNWI as individuals having investable assets of $30m or more, excluding primary residence, collectibles, consumables, and consumer durables.

Source: Capgemini, Merrill Lynch Global Wealth Management

MENA

MIGA to mobilize $1bn to support FDI

The Multilateral Investment Guarantee Agency (MIGA) announced that it will mobilize $1bn in insurance capacity for the Middle East & North Africa that would help restore investor confidence as well as retain and encourage foreign direct investment in the region. The agency indicated that its political risk insurance can be an important risk-mitigation instrument to investors who may be nervous about maintaining existing investments or who plan to invest in the region. It said that it is collaborating with the World Bank, the International Finance Corporation and other regional partners to leverage their collective resources to support inbound FDI to the region. MIGA added that its efforts include discussions with the private sector, regional government agencies, and state-owned enterprises to understand their needs with respect to priority projects. Established in 1988 as a member of the World Bank, MIGA promotes FDI in emerging and developing economies by offering political risk insurance to investors and lenders. The insurance covers risks of expropriation, breach of contract, currency transfer restriction, war and civil disturbance, and non-honoring of sovereign financial obligations, among others.

Source: Multilateral Investment Guarantee Agency

IRAN

Tehran urged to address its anti-money laundering deficiencies

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), called again on its members and other jurisdictions to apply counter measures to protect their financial sectors and the international financial system from the ongoing and substantial money laundering and terrorist financing risks originating from Iran. It expressed particular concerns about Iran's failure to address the risk of terrorist financing and the serious threat it poses to the integrity of the international financial system. The FATF urged Iran to immediately address its AML/CFT deficiencies, in particular by criminalizing terrorist financing and effectively implementing suspicious transaction reporting requirements. The FATF reiterated its call to all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. It also urged jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account money laundering and terrorism financing risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. The FATF warned that, if Iran fails to take concrete steps to improve its AML/CFT regime, it will consider calling on all countries and jurisdictions to strengthen counter-measures in October 2011.

Source: Financial Action Task Force

MENA

Short-term benefits of rise in government spending to be offset in the long-term by a fall in savings and investments

Citigroup expected economic growth in oil-importing countries of the MENA region to benefit in the near-term from increased government spending, especially from social layouts, which were triggered by social unrest. It said such expenditures will lead to a surge in domestic demand, as better income distribution boosts the disposable income of poor households and increases consumer spending. It noted, however, that the benefits are likely to be offset in the long run by a fall in national savings and investments, exacerbated by slow revenue growth, high commodity prices, rising debt levels and possibly counterproductive taxation policies. It added that as growth becomes increasingly consumption-led and investment diminishes, the output gap in oil importers is likely to narrow in the medium term, resulting in a rise in inflationary pressures. It noted that the rise in commodity prices will exacerbate spending pressures, given that oil importers subsidize to varying degrees the local consumption of commodities. In turn, this would reinforce the negative impact on long-term growth due to higher spending and lower national savings and investments. It considered that the inefficiencies of social spending are likely to result in a waste of government resources, unless social safety nets target better those in need.

In parallel, Citigroup indicated that oil importers may be tempted to recover some of the fiscal losses from greater expenditures by raising taxes, but it cautioned that this would carry significant risks to long-term growth if tax policies negatively impact incentives to invest or erode international competitiveness. It added that debt levels in oil importers are relatively high, which means that widening deficits would increase the debt burdens and would have a negative feedback on economic growth.
Source: Citigroup

GCC

Non-oil growth at 5.3% in 2011, higher budget breakeven oil prices raise oil dependency

Barclays Capital projected real GDP growth in the GCC economies at 6.8% in 2011 compared to 5% in 2010, with non-hydrocarbon growth at 5.3% this year compared to 4.3% in 2010 and hydrocarbon activity at 8.2% relative to 4.9% last year. It expected Qatar's non-hydrocarbon sector to expand by 11.2% this year, followed by Saudi Arabia with 4.8%, Kuwait with 4.1%, Oman with 3.8%, the UAE with 3.7%, and Bahrain with 1.5%. It expected that accelerated government spending and investments plans, as well as the gradual improvement in liquidity, to improve the prospects of non-oil sector growth. It also forecast inflation at 4% across the region in 2011 compared to 2.9% last year, with inflation in Saudi Arabia at 5.1%, in Kuwait at 4.5%, in Bahrain at 3.4%, in Oman at 3.2% and in the UAE at 2.5%.

Further, Barclays anticipated the GCC economies to post a fiscal surplus of 8.2% of GDP this year relative to 7.3% of GDP in 2010. It expected Kuwait to post a surplus of 23.6% of GDP, making it the highest such surplus in the region. It also forecast Qatar to register a surplus of 11.6% of GDP, the UAE's surplus to reach 8.7% of GDP, Saudi Arabia to have a surplus of 4.8% of GDP, Oman's surplus at 3.6% of GDP, and for Bahrain to post a deficit of 4.1% of GDP. It noted that the budget breakeven oil prices for the large GCC oil producers rose significantly following the increase in public spending of about 12% of the GCC's GDP since the beginning of this year. It said the budget breakeven oil prices rose by an average of 33.7% in the first five months of 2011 from the same period last year, deepening the countries' dependence on oil revenues to finance a large and growing non-oil deficit.

In parallel, Barclays projected the GCC's current account to post a surplus of 20.5% of GDP in 2011, up from 13% of GDP last year, driven by higher oil prices. It expected Kuwait to register the highest surplus in the region at 43% of GDP, followed by Qatar at 25.3% of GDP, Saudi Arabia at 20.4% of GDP, Oman at 13% of GDP, the UAE at 10.2% of GDP and Bahrain at 6.3% of GDP.
Source: Barclays Capital

ARMENIA

Economic growth accelerates, fiscal and external challenges remain

The International Monetary Fund expected Armenia's economic growth to accelerate and to broaden in 2011, but warned that the country faces a number of outstanding challenges, including a surge of inflation, sizeable external and fiscal imbalances, high financial dollarization, and increased public debt. It indicated that fiscal policies have been prudent, with the budget deficit reduced significantly in 2010 and further consolidation underway in 2011 and planned for the medium term. It said the improved fiscal position will help ensure fiscal and debt sustainability and reduce vulnerabilities. It added that the decisive implementation of tax policy and revenue administration reforms will ease the burden of adjustment on spending and will provide space for additional, well-targeted capital and social outlays.

The Fund noted that monetary policy will continue to aim at containing wider inflationary pressures. It considered that the Central Bank of Armenia's (CBA) policy response to the rise of inflation has been timely and effective; while efforts to more actively manage liquidity have increased the responsiveness of market rates to the policy rate, which has improved the impact of monetary policy. It noted that the CBA stands ready to take additional actions should inflationary pressures persist. It added that private capital inflows have resumed, banking indicators continue to improve, and the CBA is continuing its efforts to improve the resilience of the banking sector. The IMF considered that sound macroeconomic policies and structural reforms will help ensure a smooth and orderly external adjustment. It said broad-based reforms aimed at enhancing Armenia's business environment and domestic competition will promote external competitiveness, productivity and exports; while greater flexibility of the dram will provide appropriate price signals and reduce exposure to foreign exchange risk.
Source: International Monetary Fund

EGYPT

Sovereign ratings affirmed, outlook negative

Fitch Ratings affirmed Egypt's Long-term foreign and local currency Issuer Default Ratings (IDR) at 'BB' and 'BB+', respectively, with a 'negative' outlook. It also affirmed the Country Ceiling at 'BB' and the Short-term foreign currency IDR at 'B'. It attributed the negative outlook to uncertainties about political outcomes, as well as about the possible return of political unrest or the adoption of more populist policies that would adversely impact debt dynamics and reforms. The agency considered that Egypt's main rating weakness is its high budget deficit and debt ratios, both in absolute terms and compared to peers, and that the current ratings have little tolerance for a worsening of these ratios. It estimated the deficit in the fiscal year ending June 2011 at 10% of GDP, mainly due to revenue losses following the political upheavals earlier this year. It said the government that emerges from this year's elections will face the same structural challenges to reduce the deficit, such as reducing energy subsidies and introducing VAT. It noted that a renewed worsening of debt dynamics continues to be a longer-term risk until the new government's policies are clearer. Fitch said Egypt's foreign currency reserves and net creditor position have been eroded by recent events, and the current account deficit will widen this year. It noted that the decision not to draw from the IMF and some other multilateral lenders increases the risk of continued short-term reserve pressure, but added that pledges from bilateral lenders should help stabilize reserves.

Source: Fitch Ratings

UAE

Prices of residential units to drop by up to 10% in Dubai and 20% in Abu Dhabi by end-2012

Global Investment House indicated that selling prices of residential units in Dubai dropped by 56% in the first quarter of 2011 from their peak in the fourth quarter of 2008, while those in Abu Dhabi fell by 45% over the same period of time. It projected the decline in Dubai's residential prices to be limited to between 5% and 10% by end-2012 due to rising demand and slower supply. Further, it projected a decline of between 15% and 20% in Abu Dhabi's residential selling prices through end-2012 due to the increase of new supply in the market. Also, it estimated Dubai's current vacancy rate at 30% out of a total of 309,000 units, and that of Abu Dhabi at 3% out of a total of 185,000 units. It expected an additional 60,000 units to be added to Dubai's residential market and 65,000 new units to Abu Dhabi by end-2013. It noted that new units would account for 35% of the existing supply in Abu Dhabi, which could lead to a significant increase in the vacancy rate by end-2013. Further, it said that average blended apartment rents fell by 59% in Dubai and 48% in Abu Dhabi in the first quarter of the year from their peak in the fourth quarter of 2008. It added that rents in Abu Dhabi have a 49% premium over those in Dubai. It expected the gap to narrow gradually over the next two years, as Dubai rentals bottom out while those of Abu Dhabi continue to decline on increasing vacancy rates.

Source: Global Investment House

ANGOLA

Government to clear arrears by end-June

The International Monetary Fund indicated that the Angolan authorities made significant progress in settling the stock of domestic arrears incurred during 2008-09, but added that the process has been delayed from its March 2011 deadline due to the protracted process of verifying related claims. It said the verified payments' arrears have been largely cleared, and expected settlement agreements with the remaining suppliers to be completed in June. Angola's stock of verifiable domestic arrears reached $6.8bn for 2008 and 2009. The government has paid back $3.6bn, including all small claims, by the end of 2010 and intends to clear the balance through a mix of cash payments and securitizations. The Fund added that the government strengthened its controls over expenditure commitments in order to avoid the emergence of new arrears, and noted that further improvements are needed to resolve this issue completely. The Fund also said that authorities are committed to settle in the near future the accounts payable accumulated in the fourth quarter of 2010 and, going forward, to manage payments so as to keep accounts payable below the limit of Kz100bn agreed with the IMF.

Source: International Monetary Fund

ARMENIA

Networked readiness improves marginally

The World Economic Forum's Networked Readiness Index for 2010-11 ranked Armenia in 109th place among 138 countries around the world, down from 101st place in the 2009-10 survey. Armenia also came in 7th place among 8 members of the Commonwealth of Independent States (CIS) included in the survey, unchanged from the previous survey. The index reflects the factors driving networked readiness, which is the capacity of countries to fully benefit from new information and communication technologies (ICT) in their competitiveness strategies and their citizens' daily lives. The index is a composite of three sub-indices that cover the environment, readiness, and usage of technology. Globally, Armenia ranked ahead of Bosnia & Herzegovina and Cambodia and came behind Ecuador and Uganda, while it only ranked ahead of Tajikistan among CIS. Armenia received a score of 3.24 points, up from 3.2 points in the 2009-10 survey, but lower than the global average of 3.9 points and the CIS average of 3.48 points. Globally, Armenia ranked in 114th place on the Environment Sub-Index, which covers the market conditions, regulatory framework, and infrastructure for a country's successful use of ICT. It also ranked in 97th place on the Readiness Sub-Index that covers the degree of preparation for, and interest in, using ICT by individuals, businesses, and the government in their daily activities and operations. Also, Armenia came in 111th on the Usage Sub-Index, which reflects the actual use of ICT by individuals, businesses, and the government.

Source: World Economic Forum

WORLD

Banking systems exposed to refinancing risks, 33% of wholesale bank debt mature at end-2012

Moody's Investors Service indicated that banks' long-term outstanding wholesale debt reached $11 trillion at the end of 2010, of which $3.4 trillion or 33% will mature by end-2012 and $4.9 trillion or 45% will be due at end-2013. It said the global banking system slightly reduced its reliance on wholesale funding and shortened the maturity of new debt securities. It added that the average maturity of wholesale debt issued in 2010 stood at 5.6 years relative to 4.2 years in 2008; while market-based funding accounted for 35% of total bank debt liabilities in 2010, down from 40% in 2007. The agency noted that banks benefited from low interest rates, a return of investor confidence, growth in deposits and an increase in Central Banks' temporary funding facilities to refinance recently maturing debt. It warned, however, that the favorable market conditions supporting low-cost deposits and low-cost bank debt will not continue indefinitely, leaving the global banking system exposed to refinancing risks at a time when a large volume of debt is coming due. It attributed the expected increase in refinancing risk for banks that heavily rely on wholesale debt to Central Banks' liquidity facilities that will become more rigid, forcing banks to look for market-based solutions in future refinancing. It added that government support, such as recapitalizations and debt guarantees, will be provided on a more selective basis. Further, it noted that a hike in interest rates would increase wholesale funding costs and make it more difficult to maintain deposit levels, as investors would increasingly seek more attractive options elsewhere.

Source: Moody's Investors Service

SYRIA

Anti-money laundering deficiencies remain

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Syria has taken steps towards improving its AML/CFT regime, including by improving the money laundering and terrorism financing offences. It noted, however, that Syria has not made sufficient progress in implementing its action plan despite its high-level political commitment to work with the FATF and the FATF-style regional body MENAFATF to address its strategic AML/CFT deficiencies. The FATF noted that certain AML/CFT deficiencies remain and encouraged the authorities to continue to work on addressing them and to implement their action plan to address the shortcomings. It said related measures include adopting adequate measures to implement and enforce the 1999 International Convention for the Suppression of Financing of Terrorism; ensuring adequate criminalization of terrorist financing; implementing adequate procedures for identifying and freezing terrorist assets; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT; and adopting appropriate laws and procedures to provide mutual legal assistance.

Source: Financial Action Task Force

SAUDI ARABIA

Bank ratings affirmed

Capital Intelligence affirmed the long- and short-term foreign currency ratings of Banque Saudi Fransi (BSF), Saudi British Bank (SABB) and Arab National Bank (ANB) at 'A+/A1' and those of Saudi Investment Bank (SAIB) at 'A/A2'. It also affirmed the Financial Strength Rating of BSF and SABB at 'A' and ANB at 'A+' while it raised that of SAIB to 'A-' from 'BBB+'. It assigned a 'stable' outlook to the banks' ratings. It said that BFS' ratings are underpinned by low levels of non-performing loans, strong free capital position as well as professional and disciplined liquidity management. It added that SABB's ratings are supported by its improved liquidity and its overall asset quality due to the bank's stronger than average growth in customer deposits last year. It added that the bank's ratings are constrained by relatively low levels of capital, high levels of loan and deposit concentration, and decreasing profitability. It also noted that ANB's ratings are supported by improvements in asset quality and by a marginal increase in operating profitability. Further, the ratings of SAIB are underpinned by stronger than anticipated improvements in both asset quality and capital adequacy as well as by the very strong growth in operating profitability. In parallel, the agency lowered the Financial Strength Rating of Bank Al-Jazira to 'BBB' from 'BBB+' due to uncertainties about the bank's asset quality and the potential negative effects on its profitability. But it affirmed the bank's long- and short-tern foreign currency ratings at 'BBB+' and 'A2', respectively, with a 'stable' outlook.

Source: Capital Intelligence

NIGERIA

Increased uncertainty for failed banks

Fitch Ratings indicated that recent statements by the Central Bank of Nigeria (CBN) have increased the uncertainty as to whether the positions of Nigeria's failed banks will be resolved and how certain classes of creditors at the banks will be impacted. The CBN has indicated that it expects Nigeria's eight failed banks to recapitalize by end-September 2011, at which time the CBN's inter-bank guarantee will expire. Fitch noted that the CBN announcement came as a result of the delays in the recapitalization process caused by various court actions initiated by the rescued banks' shareholders, in an attempt to prevent mergers from proceeding or certain banks to be recapitalized by strategic investors. The CBN said that if there is no agreement with new investors by end-September, it could proceed with a recapitalization by the Asset Management Corporation of Nigeria (AMCON) or alternatively a liquidation of failed institutions. Fitch considered that there is still time for banks to be recapitalized, but added there could be negative rating implications if the agency perceives that the Nigerian sovereign was less inclined to support the failed banks. It also noted that liquidity could tighten in the market in the run up to September 2011, as banks reduce their inter-bank exposures to Nigeria's failed banks.

Source: Fitch Ratings

Prices rebound on Greek vote

Crude oil prices declined sharply following the International Energy Agency's (IEA) announcement that its 28-member countries agreed to release 60 million barrels of oil in July. However, prices recovered this week on improved macro sentiment due to Greece's vote to implement austerity measures, a weaker U.S. dollar, and speculation that the IEA stocks release might have a negative impact on OPEC's output. Also, it is only the third time in its history that the IEA has authorized the release of stocks, indicating that the move was intended to offset lost output from Libya and was timed to address the seasonal demand rise in the third quarter of 2011. ICE Brent is trading above $110 per barrel, unchanged week-on-week. ICE Brent is projected to trade at $110 per barrel in the third quarter and the fourth quarter of 2011. Also, the WTI NYMEX is expected to average $98 per barrel in the third quarter and $100 per barrel in the fourth quarter of 2011. Overall, Brent ICE futures declined 2.6% month-on-month to $112.3 per barrel at the end of June, while WTI NYMEX futures decreased by 6.2% to $95.7 per barrel.

Source: Standard Chartered

Investments in Armenia's ore expected to reach between $3bn and $4bn

The Armenian Parliament passed the first reading of the Code on Mineral Resources and the first reading of amendments to the Law on Environment Control and the Law on the State Tax on June 30th. The country intends to increase investments in the ore mining industry to between $3bn and $4bn in the next few years. The Code on Mineral Resources is aimed at regulating the tax field, where taxes will be linked to the sales of mineral products at world prices on stock exchanges. Also, it regulates the issues of mining of all mineral products in Armenia, except oil, gas and radioactive raw materials.

Source: Arminfo Daily News

Jordan to increase electricity prices

The Jordanian Ministry of Energy & Mineral Resources stated that it will increase electricity prices in order to adjust for the interruption of natural gas imports from Egypt. Consumers whose electricity consumption stands above 750 kilowatts will be subject to electricity price increases of about 16%. However, around 95% of households will not be impacted by the increase. Natural gas imports from Egypt currently run at only 20% from the contracted volumes of 250 million cubic feet per day.

Source: The Jordan Times

Kuwait revives $14.5bn oil refinery project

Kuwait announced it is seeking private investors to help build its largest oil refinery after the Supreme Petroleum Council revived the $14.5bn project, which was delayed two years ago amid political opposition. The council authorized the plan on June 27, along with proposals to upgrade two of the country's three existing refineries. Kuwait is trying to attract private investment to pay for costly industrial improvements and infrastructure estimated at $111.5bn as part of a development strategy to enhance energy output and renovate transport links.

Source: Bloomberg

Base metals: Fundamentals slowly improving

Base metal prices were volatile in recent months and lost ground in the first half of 2011, due to concerns about a Greek default. Lead and zinc prices increased by 4.7% and 4.2% week-on-week, respectively. The other base metals rose modestly, with the exception of aluminum, which declined 1% week-on-week. Further, commodity indicators continue to outperform the wider economy in China, while refined copper imports have been weak recently, falling 7% month-on-month in May. Further LME stocks have started to fall, with aluminum stocks declining by 57,000 tons week-on-week to 4.5 million tons and cancelled warrants remain very high at 452,000 tons. Copper, lead, nickel and zinc all recorded modest inventory falls. Overall, underlying fundamentals for base metals are slowly improving, which is expected to further support prices despite expectations of a strengthened U.S. dollar in the third quarter of 2011.

Source: Standard Chartered

Precious metals: Silver drops sharply, other markets soften

Precious metal prices fell last week as a sharp drop in oil prices reduced the risk of rising inflation. An unexpected release of oil inventory by the International Energy Agency caused Brent oil prices to drop 6.8% week-on-week. This more than outweighed a degree of positive sentiment that came from the upturn in base metal prices, which provided support to some precious metals such as palladium and platinum. Gold, palladium and platinum prices fell by around 2% week-on-week, while silver declined by 5.6% week-on-week.

The evolving crisis in Greece provided little support to gold prices, consistent with the view that the risk of default remains low. Gold holdings by major physical ETFs rose by 1.3% since the start of May and net speculative positions on U.S. exchanges increased 18% month-on-month. A large number of small and medium-sized gold and platinum projects are being accelerated in places such as Brazil, Colombia, Ghana and Zimbabwe. Overall, the price of gold decreased by 1.6% month-on-month to $1,513 per ounce at the end of June, while the price of silver declined by 8.2% to $35.1 an ounce. Palladium prices decreased by 0.12% to $762 per ounce at end-June 2011, and platinum decreased by 4.4% to $1,729 per ounce.

Source: Standard Chartered

Global Commodity Outlook

(3-months LME, $/ton)	2010	2011f	2012f
Aluminum	2,201	2,602	2,400
Copper	7,570	9,580	10,000
Lead	2,172	2,601	2,650
Nickel	21,913	25,317	23,000
Tin	20,448	30,191	30,000
Zinc	2,188	2,384	2,400
(Spot price, $/ounce)			
Gold	1,227	1,493	1,650
Palladium	529	798	900
Platinum	1,613	1,871	2,050
Silver	20	37	38

Source: Standard Chartered

COUNTRY RISK METRICS

Countries	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 (%)
	LT Foreign currency rating												
Africa													
Algeria	- -	- -	- -	- -	BB Stable	-9.9	16.1	2.9	7.4	2.0	3.2	3.4	1.8
Angola	B+ Stable	Ba3 Stable	BB- Stable	- -	B Negative	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
Egypt	BB Negative	Ba3 Negative	BB Negative	BB+ Negative	B Stable	-8.2	74.2	14.3	66.5	4.6	88.3	-2.0	3.3
Ethiopia	-	-	-	-	B Stable	-1.5	-	-	257.5	-	-	-3.9	0.3
Ghana	B Stable	- -	B+ Negative	- -	B Positive	-10.8	-	34.9	50.0	-	-	-11.6	10.9
Ivory Coast	- -	- -	- -	- -	CCC Stable	-0.2	-	50.1	111.2	-	-	6.8	1.8
Libya	BB Negative	- -	B Stable	- -	BB Stable	13.3	0	7.2	11.6	3.2	5.1	20.1	2.5
Mauritania	- -	- -	- -	- -	- -	-4.5	88.5	69.8	128.4	-	1,220	-7.6	-1.3
Morocco	BBB- Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-4.5	49.9	24.1	78.4	8.0	110.0	-5.3	0.9
Nigeria	B+ Stable	- -	BB- Negative	- -	B Stable	-7.9	14.1	5.0	14.2	0.7	-	13.0	0
Sudan	- -	- -	- -	- -	CC Stable	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
Tunisia	BBB- Stable	Baa3 Negative	BBB- Negative	BBB Stable	B Stable	-2.8	43.0	46.3	101.0	11.7	195.2	-4.4	3.7
Middle East													
Bahrain	BBB Negative	BBa1 Negative	A- Negative	BBB+ Negative	BBB Stable	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	0.4	21.7	5.6	19.9	2.7	21.3	4.2	0.8
Iraq	- -	- -	- -	- -	CC Stable	-14.2	42.2	41.8	65.4	-	75.3	-14.4	1.4
Jordan	BB Negative	Ba2 Negative	- -	BB Stable	B Stable	-6.3	63.0	19.2	44.8	4.8	48.6	-7.2	9.2
Kuwait	AA- Stable	Aa2 Negative	AA Stable	AA- Stable	BBB Stable	17.1	6.5	46.2	72.2	3.7	224.0	30.1	-8.7
Lebanon	B Positive	B1	B Stable	B Stable	B Stable	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A Stable	10.8	27.2	80.6	139.3	10.0	512.3	15.6	5.0
Saudi Arabia	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	BBB Stable	1.9	12.9	22.6	40.5	2.4	22.7	6.7	7.7
Syria	- -	- -	- -	BB- Stable	CCC Stable	-4.3	26.9	14.9	48.0	-	52.9	-3.9	2.7
UAE	- -	Aa2 -	- -	AA- Stable	BB Stable	-2.7	24.7	53.1	57.7	7.3	360.4	5.4	0.6
Yemen	- -	- -	- -	B- Negative	CC Stable	-5.5	45.8	21.4	70.5	-	139.6	-4.9	0.3

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

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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.25	22-Apr-11	No change	22-Jun-11
Eurozone	Refi Rate	1.25	09-Jun-11	No change	07-Jul-11
UK	Bank Rate	0.50	09-Jun-11	No change	07-Jul-11
Japan	O/N Call Rate	0-0.10	14-Jun-11	No change	12-Jun-11
Australia	Cash Rate	4.75	07-Jun-11	No change	05-Jul-11
New Zealand	Cash Rate	2.50	09-Jun-11	No change	28-Jul-11
Switzerland	3 month Libor target	0.25	16-Jun-11	No change	Sep-11
Canada	Overnight rate	1.00	31-May-11	No change	19-Jul-11
Emerging Markets					
China	One-year lending rate	6.31	06-Apr-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	22-Apr-11	No change	22-Jun-11
Taiwan	Discount Rate	1.75	31-Mar-11	Raise 12bps	24-Jun-11
South Korea	Base Rate	3.25	10-Jun-11	Raise 25bps	14-Jun-11
Malaysia	O/N Policy Rate	3.00	05-May-11	Raise 25bps	07-Jul-11
Thailand	1D Repo	3.00	01-Jun-11	Raise 25bps	13-Jul-11
India	Reverse repo rate	7.50	16-Jun-11	Raise 25bps	26-Jul-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	25-May-11	No change	23-Jun-11
South Africa	Repo rate	5.50	12-May-11	No change	21-Jul-11
Kenya	Central Bank Rate	6.25	31-May-11	Raise 25 bps	Jul-11
Nigeria	Monetary Policy Rate	8.00	25-May-11	Raise 50 bps	Jul-11
Ghana	Prime Rate	13.00	May-11	Cut 50 bps	Jul-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	27-May-11	No change	08-Jul-11
Brazil	Selic Rate	12.25	08-Jun-11	Raise 25bps	20-Jul-11
Armenia	Refi Rate	8.50	07-Jun-11	No change	N/A
Romania	Policy Rate	6.25	05-May-10	Raise 25bps	N/A
Bulgaria	Base Interest	0.22	01-June-11	Raise 1bps	N/A
Kazakhstan	Refi Rate	7.50	01-Apr-11	No change	N/A
Ukraine	Discount Rate	7.75	10-Aug-10	Cut 75bps	N/A
Russia	Refi Rate	8.25	03-May-11	Raise 25bps	N/A

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