

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Commercial real estate investments up 47% to \$101bn in second quarter of 2011**

Jones Lang LaSalle indicated that global direct commercial real estate transactions totaled \$101bn in the second quarter of 2011, constituting an increase of 7% from the previous quarter and growth of 47% from the same quarter last year. It said investments in the Americas rose by 56% quarter-on-quarter to \$49bn, posting the highest property trading activity since late 2007. Also, transactions in Europe, the Middle East & Africa (EMEA) reached \$34bn, unchanged from the previous quarter; while activity in Asia Pacific contracted by 30% from the previous quarter to \$18.5bn. In parallel, Jones Lang LaSalle estimated that aggregate real estate investments reached \$196bn in the first half of 2011, with investments in the Americas at \$80bn, the EMEA at \$70bn and Asia Pacific at \$46bn. It said that debt concerns in some advanced economies and the risk of overheating in some emerging markets will lead to a slowdown in the recovery of real estate investment. It projected global direct real estate investment to reach \$440bn in 2011, supported by Japan's rebound from March's natural disasters, bank products coming up for sale in Europe and the U.S., and the ability of emerging markets to absorb the impact of regulatory measures.

*Source: Jones Lang LaSalle*

#### EMERGING MARKETS

##### **High-yield issuance at \$58bn in first half of 2011**

Moody's Investors Service indicated that high-yield bond issuance in Europe, the Middle East and Africa (EMEA) reached \$58bn in the first half of 2011 compared to \$65bn in bonds issued in all of 2010. It attributed the first-half performance to the rise in investor risk appetite, as well as to the stabilization of credit quality in the EMEA region with a default rate at a low of 1.4% in the second quarter of the year, reflecting improving corporate fundamentals. It noted that the high level of issuance was also driven by the perception that the high-yield market is the main solution for refinancing needs ahead of significant maturities. As such, it expected high-yield issuance in the region to post a new record in 2011, supported by growing risk appetite and new entrants, as 39% of issuance in the first half of the year came from new entrants to the market. Moody's anticipated that the fundamental shift from bank to bond debt to continue. But it warned that the high-yield bond market, especially issuers with the lowest ratings, remain susceptible to shocks such as interest rate rises and the ongoing sovereign debt crisis in several European countries.

*Source: Moody's Investors Service*

#### MENA

##### **Private equity fundraising up 15% to \$1.3bn in 2010**

The MENA Private Equity Association indicated that private equity funds in the Middle East & North Africa raised \$1.3bn in 2010, constituting an increase of 14.6% from \$1.14bn raised in 2009 and compared to \$6.5bn in 2008. It said that only eight funds raised capital in 2010 compared to 7 funds in 2009 and 21 funds in 2008, while funds raised in 2010 represented only 65% of the total intended target size. It noted that seven new fund raised \$1.2bn last year, of which four venture or growth capital funds that raised \$340m compared to zero funds raised in 2009 and \$129m in 2008. They accounted for 26% of total funds raised last year. In parallel, private equity funds invested a total of \$148m last year compared to \$895m in 2009, with the average transaction size declining to \$11m in 2010 from \$36m in 2009, while there were 10 exits in 2010 compared to 6 exits in 2009. Healthcare accounted for 43% of private equity investments last year, followed by power & utilities with 14%, telecommunications with 7% and Information Technology with 6%. Also, Egypt accounted for 46% of cumulative private equity investments during the 2006-10 period, as it received \$6.3bn from 65 transactions. It was followed by Saudi Arabia with 13% of the total, the UAE with 10%, Turkey with 9%, and Lebanon with 2%, while the other markets in the region accounted for the remaining 20%.

*Source: MENA Private Equity Association*

##### **Drop in housing prices reduces cost of living in most Arab cities**

The annual survey on the cost of living in 214 cities around the world by global consultants Mercer Human Resource Consulting showed that the rankings of four Arab cities increased and those of 16 cities dropped from the previous year. The study measures the comparative cost of over 200 items in each location, including the cost of housing, food, clothing and household goods, as well as transportation and entertainment. It attributed the drop in the rankings of most Arab cities to the continuing fall in housing cost across most of the region, which is reducing the overall cost of living for expatriates. Djibouti ranked in 35th place globally and came as the most expensive Arab city in 2011. It was followed by Khartoum in 44th place, Abu Dhabi (67th), Beirut (75th), and Dubai (81st) as the most expensive Arab cities. The rankings of Djibouti, Khartoum, Beirut and Riyadh rose, reflecting a comparative increase year-on-year in the cost of living in these cities. The least costly Arab cities are Jeddah (185th), Tripoli (190th), Nouakchott (205th) and Tunis (207th). Khartoum's ranking increased by 97 spots, posting the highest rise in the region; while Cairo's rank declined by 41 spots, registering the steepest decline. The survey is conducted annually to help multinational companies determine compensation allowances for their expatriate workers.

*Source: Mercer Human Resource Consulting*

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# OUTLOOK

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## WORLD

### Global growth revised downward on U.S. slow-down, Euro-zone crisis, and rising inflation in emerging markets

Goldman Sachs revised downward its projections for global real GDP growth to 4.3% in 2011 and 4.7% for 2012 from an earlier forecast of 4.8% for this year and 4.9% for next year. It reduced its 2011 growth estimate in advanced economies from 2.6% to 2.1%, and for emerging markets from 7.5% to 7%. It attributed its change in outlook to a slowdown in U.S. demand, the Euro-zone sovereign crisis, and to high inflation and policy tightening in Chinese and emerging markets. It added that the direction of the global economy and markets in the second half of the year will be determined by the way these risks are addressed.

It indicated that the global economy slowed from the rapid rates seen in the first quarter, although growth is still at reasonably healthy levels. But it noted that risks to the global outlook have clearly come into focus in the second half of the year. It considered that the most important shift has been in U.S. growth prospects, and reduced its forecast for U.S. real GDP growth to 2.3% and 3% for 2011 and 2012, respectively, from 3.1% and 3.8% earlier. It said this reflects a much softer first half growth outcome than initially expected, adding that it has become more difficult for the U.S. to maintain above-trend growth moving into next year.

Goldman Sachs noted that the European sovereign crisis is also firmly back in focus. It said the Euro-zone economy would on average hold up well on German strength. However, the growth divergence between core countries and periphery remains, with peripheral economies stagnating at best. It expressed concerns that pressure on other European sovereigns could lead to larger stresses. It added that the third central issue is whether tightening and inflation pressures in emerging markets will moderate. It said inflation picked up more than expected in several of the large emerging markets, most importantly in China; while policy tightening has remained more intense for longer than anticipated. It considered that the risk of an overly rapid slowdown in growth of emerging markets is overstated.

*Source: Goldman Sachs*

## SOUTH SUDAN

### New country faces multiple challenges

The International Monetary Fund indicated that the newly-independent South Sudan faces a number of challenges over the short- and long-terms. It said one key challenge consists of building an economy almost from scratch through creating economic institutions and working toward establishing an environment conducive to growth and stability. It noted that the country has untapped potential such as large livestock, fishery and forestry resources, which could hold promise for labor-intensive agriculture exports. It added that developing agriculture could reduce the country's dependence on oil, which currently accounts for 98% of its revenues. Also, revenues from oil provide an opportunity to invest in social infrastructure development and allow savings for the future.

The Fund noted that the South has yet to reach an agreement with the North about oil revenues, debt and the currency. It said the two sides have not agreed on the transit fee for oil that the South is expected to pay or how much oil revenue sharing will take place. Also, Sudan tentatively agreed to assume all the debt accumulated before independence on the condition that creditors would commit to debt relief within two years. But if such agreement fails, debt would be shared between the two countries based on a formula that has yet to be determined. Third, the two sides have yet to agree on what will happen to the Sudanese pounds currently in circulation in the South.

In parallel, the IMF indicated that the lack of basic infrastructure represents another challenge for the new country, as it has only 100 kilometers of paved roads, does not have an airport that meets international civil aviation standards, and suffers from recurrent electricity blackouts. It added that the country should consider ways of developing non-oil sources of revenues, as oil production is peaking and revenues will decline over time.

*Source: International Monetary Fund*

## TUNISIA

### Economic growth outlook improves, challenges remain

Barclays Capital revised upwards its real GDP growth forecast for Tunisia to 1% in 2011 from -0.5% previously, due to stronger-than-expected export growth and private consumption. It considered that the return of political stability, along with significant support from the international donor community, boost Tunisia's outlook further. But it indicated that key risks for the economic outlook are a prolonged conflict in Libya, the influx of Libyan refugees, the return of hundreds of thousands of Tunisians working in Libya, as well as a possible severe slowdown in the European Union's growth due to Greece's debt crisis. It noted that the economic recovery is still erratic, despite production activities being closer to pre-revolution levels, while still-weak consumption and investment is dampening domestic demand. It said that Tunisia hopes to attract more than \$10bn in international aid in the next two years, and has already agreed on and partially received about TND1.9bn, or \$1.4bn, in budgetary support from multilateral donors.

In parallel, Barclays projected the fiscal deficit to widen significantly from 1.2% of GDP in 2010 to 4.6% of GDP this year, with the primary balance shifting from a surplus of 0.5% of GDP last year to a deficit of 2.5% of GDP this year. It also forecast the public debt to rise to 44.5% of GDP at end-2011 from 40% of GDP a year earlier. Further, it estimated the current account deficit to widen from 4.7% of GDP in 2010 to 6.2% of GDP in 2011. It noted that international financial support is helping bridge Tunisia's widening financing needs. It expected foreign currency reserves to decline from \$9.5bn at the end of last year to \$7.7bn at end-2011, before rebounding to \$8.2bn at end-2012.

*Source: Barclays Capital*



# ECONOMY & TRADE

## WORLD

### Hotel transactions up 117% to \$15bn in first half

Jones Lang LaSalle indicated that global hotel transactions reached \$14.8bn in the first half of 2011, constituting an increase of 117% from the same period last year. It attributed the increase to the easing levels of liquidity, improved hotel trading performance, and a marked rise in the number of assets going into administration. It said investments in the Americas rose by 187% year-on-year to \$7.4bn; transactions in Europe, the Middle East & Africa (EMEA) increased by 84% to \$4.7bn; activity in Asia Pacific grew by 59% to \$2.6bn; and sales in Australasia reached \$478m in the first half of the year. It revised upward its forecast for hotel transactions to \$34.8bn in 2011, which would constitute an increase of 28% from the preceding year. It noted that hotel transactions continued gaining momentum in the first half, despite various natural, economic and political crises across the world. It forecast hotel sales in the Americas at \$16bn, in the EMEA region at \$15.1bn, in Asia Pacific at \$2.75bn, and in Australasia at \$1bn this year.

Source: Jones Lang LaSalle

## MENA

### OPIC provides \$500m for small business lending

The Overseas Private Investment Corporation (OPIC) approved \$500m in financing to support lending to small- and medium-sized enterprises (SMEs) in Egypt and Jordan. It said that it will guaranty loans extended by local banks, microfinance institutions, non-banking financial institutions and other approved borrowers under a loan guaranty facility that will provide up to \$250 million each for Egypt and Jordan. It indicated that the facility will target the shortage of SME credit availability in both countries, which would remove an important impediment to private sector growth. It noted that the U.S. Agency for International Development will provide around \$11m in grant funding in Egypt and up to \$9.7m in technical assistance to the initiative in Jordan. It added that the project is part of OPIC's initiative to provide up to \$2bn in financial support for private sector investment in the MENA region. The initiative will give priority to investment in SMEs, infrastructure and other key sectors, especially the promotion of renewable resources.

Source: Overseas Private Investment Corporation

## KUWAIT

### Sovereign ratings upgraded on strong fiscal and external surpluses

Standard & Poor's upgraded Kuwait's local and foreign currency sovereign credit ratings to 'AA' from 'AA-' and affirmed the short-term ratings at 'A-1+' with a 'stable' outlook. It also affirmed the country's Transfer & Convertibility assessment at 'AA+'. It attributed the upgrade to Kuwait's high GDP per capita and strong external and fiscal balance sheet positions. It considered that these strengths comfortably balance Kuwait's rating weaknesses, which include an ineffective political setup leading to sustained gridlock between the government and parliament, a strong dependence on hydrocarbons, slow progress on structural reform, and a lack of transparency regarding government assets. The agency estimated Kuwait's budget surplus at 20% of

GDP for fiscal year 2010/11 despite an increase of more than 20% in government spending. It projected the budget surplus to exceed 25% of GDP on average over the next four years from high oil prices and an expected gradual increase in output. It said that such surpluses would increase the government's net asset position to 235% of GDP by 2014 from 211% of GDP at end-2010.

Source: Standard & Poor's

## CÔTE D'IVOIRE

### Economic contraction at 7% in 2011, IMF approves \$129m in support

The International Monetary Fund indicated that the prolonged post-election conflict in Côte d'Ivoire paralyzed economic activity, leading to a sharp contraction in real GDP estimated at 6% to 7% for 2011. It added that the crisis also led to severe budget and balance-of-payments deficits, and inflicted serious damage to the banking sector. The Fund noted that the authorities' short-term priorities appropriately focus on restoring law and order and the operations of the public administration, as well as on promoting economic recovery and meeting social needs. It said the fiscal program for 2011 is subject to important uncertainties, as expenditures are expected to rise significantly, while revenues will depend on the speed of the economic recovery. It considered that it will be necessary to seek grant and concessional external financing, and supported the authorities' work toward a cooperative resolution of Côte d'Ivoire's debt service arrears with external creditors. It urged authorities to normalize banking operations as quickly as possible to provide sufficient credit to support the recovery. In parallel, the IMF approved the disbursement of \$129.2m to Côte d'Ivoire under the Rapid Credit Facility. It said the authorities' canceled the arrangement for \$566m under the Extended Credit Facility, as the program went off track during the country's political crisis.

Source: International Monetary Fund

## ARMENIA

### Innovation capacity improves in 2011

INSEAD's Global Innovation Index for 2011 ranked Armenia in 69th place among 125 countries around the world, improving from 82nd place in 2010 and 104th place in 2009. It also ranked in 37th place among 44 countries in Europe & Central Asia (ECA). The index rates the innovation level of each country on a scale of 0 to 100, with 100 being the most innovative market. It covers the innovation input and output of countries; including an economy's institutions, human capital & research, infrastructure, market and business sophistication; as well as scientific and creative outputs. Globally, Armenia ranked ahead of Ghana, Colombia and Trinidad & Tobago, and came behind Mongolia, Macedonia and Tunisia. Armenia received a score of 33 points, lower than the global average of 36.7 points and the ECA's average of 43 points. Globally, Armenia ranked in 84th place on the Innovation Input Sub-Index, which covers the elements of the national economy that enable innovative activities. It also ranked in 60th place on the Innovation Output Sub-Index that captures the existing level of scientific and creative outputs in a country.

Source: INSEAD

# BANKING

## SUDAN

### **Khartoum delinks financial system with the South**

The Central Bank of Sudan (CBoS) announced a set of measures following the official independence of South Sudan on July 9th. It said that banks in South Sudan should be treated as foreign entities, which means that any wire transfers cannot take place with banks operating in the South without collateral in the form of transferable foreign currency used in the transaction. The CBoS also instructed a halt to clearing activities with the branches of commercial banks operating in South Sudan. Further, it ordered that checks issued by southern banks would no longer be collected by banks in the North, and added that southern banks will not have access to the North's electronic banking network system. In parallel, the North indicated that it plans to issue its own currency in the near future, following the launch on July 19th of the new currency of South Sudan. It noted that the South reneged on an understanding to maintain the old Sudanese pound in circulation for up to one year. The CBoS estimated that circulation of the Sudanese pound in the South is equivalent to \$700m.

*Source: Central Bank of Sudan, Thomson Reuters*

## MAURITANIA

### **NPLs at 28% of total loans, capital adequacy ratio at 35% at end-2010**

The risk-weighted capital adequacy ratio of banks operating in Mauritania reached 34.5% at the end of 2010 relative to 38% at the end of 2009 and 33% at end-2008. The sector's capital-to-assets ratio was 14% at end-2010, down from 14.2% a year earlier; while its liquid assets were equivalent to 75.2% of total assets at end-2010 relative to 73.5% at end-2009 and 77.3% at end-2008. Further, the private sector loans-to-deposits ratio increased to 122% at end-2010 from 119% at the end of 2009, but was down from 131% at end-2008. The sector's non-performing loans reached 28.7% of total loans at end-2010, up from 27.7% at end of 2009 and 26.4% at end-2008. Further, the sector's provisions-to-NPLs ratio increased to 87.7% from 85.2% at end-December 2009 and 84.1% at end-2008. In parallel, banks' return on assets reached 0.4% in 2010, down from 1.4% in 2009 and 1.9% in 2008; while their return on equity was 2.7% in 2010, down from 8.5% in 2009 and 10.7% in 2008.

*Source: International Monetary Fund*

## RWANDA

### **Off balance sheet items at 190% of banks' qualifying capital in 2010**

Figures issued by the National Bank of Rwanda show that the solvency ratio of banks operating in the country reached 22.3% at the end of 2010 relative to 19% at end-2009 and 16% at end-2008. The bank said off balance sheet items were equivalent to 190% of total qualifying capital at the end of last year relative to 184% a year earlier; while the sector's large exposure-to-core capital was 56.3% at end-2010 compared to 65% at end-2009 and 103% at end-2008. Large exposures accounted for 13% of gross lending at end-2010. Also, the sector's net non-performing loans regressed from 11.4% of total loans at end-2009 to 9.3% at the end of 2010; and the sector's provisions-to-NPLs

ratio decreased from 55.2% at end-2009 to 36.8% at end-2010. In parallel, the sector's liquid assets accounted for 58.2% of total deposits at end-2010 relative to 65.3% a year earlier; while its loans-to-deposits ratio was 73.5% at end-2010 and 73.9% at end-2009, down from 87.8% at end-2008. Also, foreign currency loans reached 0.4% of foreign currency deposits at end-2010, whereas foreign currency assets represented 103.4% of total foreign currency liabilities in 2010. Overall foreign currency exposure was equivalent to 5% of core capital last year.

*Source: National Bank of Rwanda*

## ARMENIA

### **Foreign currency lending rises significantly**

The International Monetary Fund indicated that foreign currency lending in Armenia rose significantly in the past 12 months, supported by financing sources mainly denominated in foreign currency and a high dollarization of deposits. It said that banks drew down excess foreign exchange reserves for lending due to an improvement in the outlook as well as to changes in the currency denomination of reserve requirements. It added that the extended period of relative stability of the dram's exchange rate against the U.S. dollar since the summer of 2010 provided further incentives for borrowing in foreign currency. It expected factors that supported the rise in such lending to diminish due to a decline in excess reserves as well as to measures by the Central Bank of Armenia that reduced the dollarization of deposits. It noted that greater exchange rate flexibility would reduce incentives to borrow in foreign currency. Private sector credit rose by 30% in the 12 months ending June 2011, while the dollarization rate of deposits reached a high of 73% in March 2010 but declined to 64% at end-June 2011. Also, foreign currency deposits declined from 51% of broad money in March 2010 to 43.3% in June this year.

*Source: International Monetary Fund*

## DEM REP CONGO

### **Banking sector soundness improves**

The International Monetary Fund indicated that the closure of Banque Congolaise and the start of its liquidation helped improve the soundness of the banking sector in the Democratic Republic of Congo. It said the fiscal cost of the liquidation this year will be smaller than envisaged, as it will take time to unwind the bank's operations. It added that about \$20m to \$25m of the bank's deposits will be covered in 2011, and the remaining \$35m to \$40m will be addressed in 2012. It noted that the liquidation will take about two years to be completed, and that the bank's financial statements are currently being audited by an international auditor. The DRC authorities are liquidating Banque Congolaise because of its poor financial condition and lack of prospects for restructuring, with a view to salvaging its branch network through a purchase and acquisition agreement with a healthy bank. Earlier this year, the Fund said the fiscal cost of addressing the problem bank in a worst-case scenario could reach \$180m, equivalent to 1.5% of GDP. The costs involve the government's liabilities to the bank of \$64m, covering the Banque Centrale du Congo's exposure of \$88m, and \$28m in transactions costs related to the liquidation.

*Source: International Monetary Fund*



# ENERGY / COMMODITIES

## Brent prices remain high on supply concerns

U.S. crude prices for September increased by 15 cents to \$98.6 a barrel on July 21 and ICE Brent traded at \$118.3 a barrel, supported by underlying supply worries. ICE Brent prices are expected to average \$120 a barrel in 2012, as Libyan crude returns to the market, offsetting higher demand. Global oil demand is forecast to increase by 1.5 million barrels per day in 2012 as global growth accelerates. OPEC is therefore expected to provide 31 million barrels to the market to meet demand in 2012. Overall cost levels are significantly below prevailing market rates, suggesting that investment in the sector will remain strong in the coming years. The NYMEX WTI has been trading at a substantial discount to ICE Brent in 2011 due to the continued oversupply at Cushing in Oklahoma. The Brent-WTI spread is expected to narrow in 2012 from current extremes, as Brent-specific factors diminish and U.S. demand picks up.

Source: Standard Chartered, Thomson Reuters

## Egypt signs contract for largest wind farm

The Egyptian Ministry of Electricity signed a EGP1.6bn contract to install turbines for the country's largest wind farm, constituting the project's first phase. The 200 megawatts farm is scheduled to begin operations in 2014 and is expected to generate 714 kilowatt hours per year, saving 160,000 tons of petrol and 400,000 tons of carbon dioxide annually. The overall cost of the farm is estimated at EGP3bn divided into three phases. The project is financed through foreign support and the government's development authority.

Source: Misr Information Services and Trading

## Angola ratifies new mining legislation

The Angolan parliament approved a new mining legislation, which would regulate the research, exploration, discovery, use and benefit of mineral resources in the country. The legislation aims to attract foreign investment to the country, provide balanced protection for private and public interests, as well as to support and protect domestic businesses. The new mining code also ensures the protection of the environment as well as residents, the creation of jobs and the collection of revenues.

Source: All Africa

## South Sudan ships first independent oil cargo

South Sudan shipped its first independently-sold oil cargo from Port Sudan in the north, despite no final agreement with Khartoum on the management of the country's oil revenues. The one million barrel shipment of Dar Blend crude was sold to Chinaoil, a trading subsidiary of Chinese state oil giant CNPC, the leading investor in Sudan's oil industry. Around 80% of Sudan's 470,000 barrels per day of oil is currently produced in the South. Further, Sudan's Dar Blend is entirely produced in the South, but its poor quality results in its trading at a sharp discount to international benchmark prices, where it sold at between \$16 and \$20 on July 18th. The South has already sold all its production of Dar Blend for July and started to sell cargos for August.

Source: AFP

## Base metals: Prices higher on weaker dollar

Prices of all base metals increased in the past week due to a weaker U.S. dollar, and despite weaker equity markets. Copper prices rose 1.7% week-on-week on July 19, while aluminum prices increased 0.8% week-on-week. The U.S. dollar weakened by 2% against the Euro during this period. Also, zinc prices increased 5.5% week-on-week and 13.3% month-on-month. Global production of zinc reached 1.07 million tons in May, while consumption was at 1.04 million tons. Moreover, LME stocks continue to rise and are up 16 kilo tons month-on-month to 884 kilo tons. LME stocks reached their highest level in July in 16 years, equivalent to 29 days of global consumption. Overall, the outlook for base metals remain bullish despite the latest problems in the U.S. and Europe. Further, sentiment around China continued to improve as inflation is likely to peak and the market anticipates the end of monetary tightening. Base metals also benefited from Japan's return to normality.

Source: Standard Chartered

## Precious metals: Gold above \$1,600 an ounce on sovereign debt fears

Precious metals prices increased in the past week, gaining support from a weaker U.S. dollar. Also worries about Europe's sovereign debt helped to take the whole complex higher, with gold setting fresh record highs. Safe-haven buying of gold is increasing, with physical ETFs up by 2.7% from the start of July and reached a record of 68.2 million ounces on July 19th. Further, net speculative positions are increasing on U.S. exchanges as investors change direction, where the net long position rose by 20% week-on-week and is now close to a two-year high.

In parallel, silver physical ETFs rose by 0.5% since the start of July, while the net speculative position on U.S. exchanges increased by 9% week-on-week. Strike action remains a threat to platinum and palladium supply in South Africa. Also, recent supply figures were weak, which has helped support bullish sentiment. Production of platinum group metals declined 9.9% month-on-month in May, while investor flows were mixed. Physical ETFs for palladium fell by 0.5% since the start of July, while platinum ETFs are down 0.6% over the same period. These markets remained to be bullish, but volatile trading is likely due to concerns about the economic outlook.

Source: Standard Chartered

Global Commodity Outlook			
(3-months LME, \$/ton)	2010	2011f	2012f
Aluminum	2,201	2,602	2,400
Copper	7,570	9,581	10,000
Lead	2,172	2,602	2,650
Nickel	21,913	25,301	23,000
Tin	20,448	30,168	30,000
Zinc	2,188	2,384	2,400
(Spot price, \$/ounce)			
Gold	1,227	1,506	1,700
Palladium	529	798	900
Platinum	1,613	1,845	2,050
Silver	20	35	40

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	BB-	Ba3	BB-	-	B	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
	Stable	Stable	Stable	-	Negative								
Egypt	BB	Ba3	BB	BB+	CCC	-8.2	74.2	14.3	66.5	4.6	88.3	-2.0	3.3
	Negative	Negative	Negative	Negative	Stable								
Ethiopia	-	-	-	-	B	-1.5	-	-	257.5	-	-	-3.9	0.3
	-	-	-	-	Stable								
Ghana	B	-	B+	-	BB	-10.8	-	34.9	50.0	-	-	-11.6	10.9
	Stable	-	Negative	-	Positive								
Ivory Coast	-	-	-	-	CC	-0.2	-	50.1	111.2	-	-	6.8	1.8
	-	-	-	-	Stable								
Libya	BB	-	B	-	B	13.3	0	7.2	11.6	3.2	5.1	20.1	2.5
	Negative	-	Stable	-	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	B	-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	BBB	BBa1	A-	BBB+	BBB	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
	Negative	Negative	Negative	Negative	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	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
	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-	AA	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-	CCC	-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
	-	-	-	Negative	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
Bulgaria	BBB Stable	Baa3 Stable	BBB- Stable	-	BB Stable	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
Kazakhstan	BBB Stable	Baa2 -	BBB- Stable	-	BB Stable	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
Romania	BB+ Stable	Baa3 -	BBB- Stable	BBB- Negative	BB Stable	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
Russia	BBB Stable	Baa1 Positive	BBB Stable	-	BBB Stable	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
Turkey	BB Positive	Ba2 Positive	BB+ Stable	BB Stable	B Stable	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
Ukraine	B+ Stable	B1 Positive	B Negative	-	CCC 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		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	22-Jun-11	No change	09-Aug-11
Eurozone	Refi Rate	1.50	07-Jul-11	Raise 25bps	04-Aug-11
UK	Bank Rate	0.50	07-Jul-11	No change	04-Aug-11
Japan	O/N Call Rate	0-0.10	12-Jul-11	No change	05-Aug-11
Australia	Cash Rate	4.75	05-Jul-11	No change	09-Aug-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
<b>Emerging Markets</b>					
China	One-year lending rate	6.56	06-Jul-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	22-Jun-11	No change	Sep-11
Taiwan	Discount Rate	1.88	24-Jun-11	Raise 13bps	Sep-11
South Korea	Base Rate	3.25	14-Jul-11	Raise 25bps	11-Aug-11
Malaysia	O/N Policy Rate	3.00	07-Jul-11	Raise 25bps	08-Sep-11
Thailand	1D Repo	3.25	13-Jul-11	Raise 25bps	24-Aug-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	23-Jun-11	No change	Sep-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	Jul-11	Cut 50 bps	Sep-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	08-Jul-11	No change	N/A
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	01-Jul-11	Raise 25bps	N/A
Bulgaria	Base Interest	0.17	01-Jul-11	Raise 5bps	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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