

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

FDI in Arab world down 13% to \$66bn in 2010

Figures released by the United Nations Conference on Trade and Development (UNCTAD) show that foreign direct investment (FDI) in the Middle East and North Africa region totaled \$84bn in 2009, constituting a decrease of 8.7% from \$92bn in 2009; while FDI inflows to the Arab world totaled \$66bn in 2010, constituting a decline of 13.2% from \$76bn in 2009. FDI inflows to the 20 Arab countries in the region accounted for 11.5% of total FDI in developing countries and for 5.3% of global foreign direct investment. A total of 4 Arab countries saw an increase in FDI in 2010, while 16 economies posted declines. Saudi Arabia was the largest recipient of FDI in the region with \$28bn and Mauritania the smallest recipient with \$14m, while Yemen posted FDI outflows of \$329m. Libya posted the highest increase in FDI inflows in 2010 from the previous year at 43%, followed by Oman with 39%, and Lebanon with 3%; while Mauritania shifted from outflows of \$38m in 2009 to inflows of \$14m. The remaining Arab countries posted declines in FDI inflows, with Yemen showing the steepest drop in the Arab world with a 355% contraction, followed by Kuwait with a 93% decline and Djibouti with a 73% drop. Also, 6 Arab countries ranked among the top 50 economies globally in terms of FDI performance and 6 others in terms of FDI potential.

Source: UNCTAD, Byblos Research

Investments in renewable energy up 104% to \$5bn in 2010

Investments in new renewable energy projects in the Middle East & Africa region totaled \$5bn in 2010, constituting an increase of 104% from \$2.4bn in 2009, and accounted for 3.5% of global investments in new renewable energy projects last year. In comparison, investment in North America grew by 53% (\$30bn), in South America by 39% (\$13bn) and in Asia & Oceania by 30% (\$59.3bn), while new investment in Europe contracted by 22% (\$35bn) in 2010. Corporate research & development in the Middle East & Africa reached \$4m in 2010, unchanged from 2009, and compared to global corporate R&D of \$33bn in 2010; while government R&D in the region totaled \$1m relative to global government R&D of \$5.3bn in 2010. Further, venture capital and private equity new investments in renewable energy in the Middle East & Africa totaled \$9m in 2010, up 133% year-on-year, and accounted for 0.2% of such investments globally. Also, the region's aggregate venture capital and private equity investment, corporate R&D, and government R&D were the lowest in the world last year. In parallel, acquisition transactions in renewable energy in the Middle East & Africa reached \$10m in 2010 compared to \$1bn in 2009. The aggregate value of global new renewable energy investments reached \$211bn in 2010, up 32% from the previous year.

Source: Bloomberg New Energy Finance, U.N. Environmental Program

Region's brand perception still worst in the world

The Nation Brand Perception Index indicated that the brand perception of the Middle East & North Africa region regressed slightly in the second quarter of 2011 from the first quarter of 2011, as the average index score of the 20 MENA countries included in the index reached 39.1 points, marginally down from 39.6 points in the first quarter of 2011. The index analyzes international perceptions of a country's brand. It covers the tone, whether positive or negative, and frequency of mentions in the international media. The survey said the number of times a country is mentioned reflects the strength of the brand, but not necessarily its quality. The MENA region continues to have the worst brand perception in the world, as its score was lower than the global average of 52.2 points as well as below the average score of North America (55.8), South America (52.6 points), Europe (51.5 points), Oceania (52.4 points), Central America (50.3 points), Asia (50.7 points), Africa (48.3 points) and the Commonwealth of Independent States (48.5 points). Kuwait had the best brand perception in the region and ranked in 14th place globally, followed by the UAE, Qatar and Oman; while Iraq, Libya and Syria were the worst perceived countries in the region, ranking in the 196th, 197th and 200th place worldwide, respectively. The rankings and scores of 12 MENA countries improved and 8 regressed. Morocco posted the worst decline in the regional rankings, dropping by 130 spots, while Syria posted the steepest drop in the regional scores, falling by 37.1 points.

Source: East West Communications, Byblos Research

GCC

New projects drop 43% to \$22bn in second quarter

The aggregate value of projects awarded in the GCC reached \$22.2bn in the second quarter of 2011, constituting a decline of 43.3% from the previous quarter; while the number of projects awarded regressed by 18.3% quarter-to-quarter. Industrial projects accounted for 36.5% of awarded projects in value terms, followed by construction projects with 29.3% of the total. Projects awarded in Qatar dropped by 45.2% quarter-to-quarter, with awards concentrated in infrastructure and construction projects. Also, projects awarded in Saudi Arabia increased by 65.2% quarterly and were focused in construction and power, while almost 55% of planned projects in the second quarter were delayed or cancelled. Further, new projects in Kuwait fell by 87% from the first quarter due partly to a deterioration in the political environment; while around \$3bn of construction projects due to be awarded in the second quarter remained on hold. Oman saw an 84% fall in the value of projects awarded; while projects extended in Bahrain contracted by 24% in the second quarter as 68.3% of planned projects were cancelled or put on hold.

Source: EFG Hermes

OUTLOOK

WORLD

Sluggish global recovery, rise in interest rates and sovereign debt problems to raise refinancing risks

Standard & Poor's projected at \$8 trillion the aggregate amount of corporate debt that will mature between June 2011 and the end of 2015, with financial institutions accounting for 46% of the total. It estimated that \$1.4 trillion in debt will mature in 2011, \$2 trillion in 2012, \$1.8 trillion in 2013, \$2 trillion in 2014 and \$1.6 trillion in 2015. It said that Europe accounts for 48% of maturing debt through 2015, followed by the United States with 36%, other developed countries with 14%, and emerging markets for 3%. The agency expected that most corporate entities will be able to meet their refinancing need through the rest of 2011, but cautioned that demand for corporate debt might not remain as strong given the sluggish global economic recovery, likely rise in interest rates, sovereign debt problems in parts of Europe, and instability in the Middle East.

S&P indicated that a slowdown in global economic growth could squeeze corporate profits, which would affect companies' ability to service debt. In addition, interest rates will likely rise in the U.S. and continue to increase globally. It considered that rising interest rates could deter investors from entering the bond market, especially if they think the higher interest rates will last for awhile. It added that the pipeline of maturing debt and capital financing needs, including sovereigns and public finance, is significant; which will increase competition for limited funding resources in the coming years and might result in higher borrowing costs. It added that investors will likely be more selective, which could hurt corporate borrowers, particularly those with weaker credit quality.

It added that 83% of total maturing debt is investment grade level, with the balance rated as speculative grade. It estimated that low-rated entities, especially the 'B' and 'CCC' categories, have a combined \$765bn in maturing debt through 2015 and have the greatest refunding risk. Further, S&P noted that about 81% of maturing debt through 2015 was issued in either U.S. dollars or euros. It considered that a concentration of maturing debt in a few currencies increases refinancing risk, regardless of where the U.S. dollar and the euro may be heading.

Source: Standard & Poor's

GHANA

Growth at 14% in 2011, oil production to transform economy

Deutsche Bank projected real GDP growth in Ghana at 14% in 2011 and 7.2% in 2012 compared to 7.7% in 2010, and forecast non-oil growth at 8.5% this year and 6% next year relative to 7.7% last year. It said that 2011 will be a signature year for Ghana, as it is set to become the second fastest growing economy in the world after Qatar now that oil production has begun. It indicated that oil production is expected to be limited to 120,000 barrels a day in the short term, but noted that this will likely add about 12% to the level of GDP, 30% to government revenues, and over 40% to merchandise exports. It added that Ghana will no longer have to rely on exports of cocoa and gold,

which together accounted for about three-quarters of exports in 2010, and that this proportion will shrink to just over 50% over the next two years as oil exports increase.

Deutsche Bank anticipated that both the fiscal and external accounts will benefit from oil revenues. It projected the current account deficit to narrow from 8% of GDP in 2010 to 3.3% of GDP in 2011 and 2.4% in 2012 if oil prices stay close to their current levels. It noted, however, that the composition of the balance will likely shift, with an improving trade balance partially offset by a deterioration in the rest of the current account as oil companies repatriate profits and import more services. It expected the narrowing of the budget deficit to be more gradual, but still significant, and forecast the deficit to shrink from 7.4% of GDP in 2010 to 4.8% of GDP in 2011 and 3.8% in 2012. It added that foreign currency reserves, including oil savings, will double to \$10bn, or 7.8 months of imports by the end of next year, which would provide support for the cedi; while the balance in the newly-created oil savings funds would reach \$0.9bn or 2% of GDP by end-2012. It considered that the accumulation of oil windfalls in the oil savings funds will help sterilize the liquidity impact of these flows and contribute to the control of inflation.

Source: Deutsche Bank

ARMENIA

Economic growth at 4.6% in 2011, fiscal and external challenges remain

The International Monetary Fund projected real GDP growth in Armenia at 4.6% in 2011 compared to 2.1% in 2010. It said growth has been driven by mining, industry, trade and transportation, and is being supported by a recovery in agriculture. It noted that construction activity, which was a pre-crisis growth driver, has been slow and is likely to remain sluggish. It indicated that the economy is set to grow faster, but stressed the need for additional efforts to strengthen growth potential over the medium term. It 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 forecast inflation to average 9.4% this year relative to 7.3% last year. It said inflation pressures appear to be moderating, but warned that risks remain and include continuing weaknesses in agriculture and stronger global food and fuel price pressures. The Fund called for continuing fiscal consolidation in order to maintain stability and reduce public finance vulnerabilities. It forecast the fiscal deficit to narrow to from 4.6% of GDP in 2010 to 3.9% of GDP in 2011 and 3.2% of GDP in 2012.

The IMF considered that medium-term external outlook remains challenging, and forecast the current account deficit to decline from 14% of GDP in 2010 to 11.5% of GDP this year. It said the current account will need to decline substantially as crisis support unwinds and given limited potential for private borrowing. It noted that high export prices and strong remittance flows may cushion the adjustment, but added that further structural reforms and a return of the real exchange rate to its equilibrium level would be important to help limit risks.

Source: International Monetary Fund



ECONOMY & TRADE

BAHRAIN

Sovereign ratings affirmed, outlook negative due to political tensions

Standard & Poor's affirmed Bahrain's long- and short-term local and foreign currency sovereign credit ratings at 'BBB/A-3' and assigned a 'negative' outlook to the long-term ratings. It said the ratings are constrained by the potentially destabilizing political situation, the geopolitical tension among its larger neighbors, and the narrowness of the economy. It estimated that it is early to confirm if the unrest jeopardized Bahrain's position as an off-shore financial center and regional services hub. It said that asset outflows from the financial sector exceeded 10% in the first quarter but appear to have stabilized since then. It noted that the tourism sector may not recover to pre-crisis levels anytime soon and could remain a drag on growth. It estimated that the fiscal deficit is unlikely to exceed 5% of GDP despite high spending, and that it will slowly decline in 2012 and 2013 due to extra revenues from high oil prices and increased oil production. It also forecast the country's current account surplus to remain above 5% of GDP in the near future. It indicated, however, that the specter of renewed political turmoil could result in weaker economic performance. In parallel, S&P affirmed the ratings on the Central Bank of Bahrain and the country's sovereign wealth fund, Bahrain Mumtalakat Holdings Co. and assigned a 'negative' outlook to both entities' long-term ratings.

Source: Standard & Poor's

OMAN

Sovereign ratings affirmed, outlook negative

Standard & Poor's affirmed Oman's long- and short-term local and foreign currency ratings at 'A/A-1' with a 'negative' outlook. It said the ratings are supported by the country's substantial net external and general government assets, but are constrained by its heavy dependence on hydrocarbons, political risks and low transparency regarding government assets. It added that the unrest earlier this year did not result in a significant impact on economic activity or foreign investment inflows. It estimated the cost of measures implemented to ease the tensions at 4% of GDP in 2011. It expected such spending to lift real per capita economic growth to around 2% annually over the next few years compared to a contraction of 8.7% in 2009. Further, it said that Oman has a comfortable fiscal buffer, as the fiscal surplus is expected to reach 12% of GDP in 2011 up from 10% of GDP in 2010. It noted that higher oil prices boosted the buffer used by the government for stimulus measures and on public spending, and supported the country's external position. S&P warned, however, that continued demands for higher social spending could strain public finances over the medium-term, mainly if terms of trade deteriorate. It said that the 'negative' outlook reflects the likelihood of a downgrade if political tensions heighten in case of renewed protests. It added that the ratings could come under downward pressure if fiscal performance weakens in the absence of revenue-enhancing measures outside the oil sector.

Source: Standard & Poor's

SOUTH SUDAN

IMF to increase technical assistance

The International Monetary Fund indicated that it has approved South Sudan's request for technical assistance and training, even though the country is not yet a member of the IMF. It noted that it has engaged with the South Sudan in recent years as part of overall technical assistance provided to Sudan and, more recently, specifically to the South. The Fund stated that it will continue to be engaged in Southern Sudan by providing technical assistance and training in the areas of macroeconomic, fiscal, monetary and financial policies, and related statistical fields. The IMF will also provide assistance to strengthen the legal and administrative framework in these core areas and in relation to South Sudan's application for Fund membership. It added that it is in the process of seeking donor contributions to a special Trust Fund for IMF Macroeconomic Capacity Building for South Sudan to further increase its technical assistance toward building the new country's macroeconomic institutions. South Sudan applied for membership in the IMF in April 2011.

Source: International Monetary Fund

UKRAINE

Outlook revised to positive

Fitch Ratings revised the outlook on Ukraine's long-term foreign and local currency Issuer Default Ratings to 'positive' from 'stable' and affirmed the country's long- and short-term IDRs as well as the Country Ceiling at 'B'. It attributed its decision to Ukraine's commitment to significantly narrow its budget deficit in 2011, supported by the economic recovery and spending restraint. It added that the revision also reflects the government's commitment to address medium-term fiscal challenges and accomplish at least part of the reform agenda agreed with the IMF. Further, it expected the government to narrow its overall fiscal deficit to 4% of GDP in 2011 from 7.9% of GDP in 2010. It noted, however, that the ongoing delay to the adjustment in domestic gas prices will result in the fiscal deficit exceeding its 3.5% of GDP target agreed with the IMF by at least 0.5% of GDP. It added that the banking sector remains distressed, but that asset quality is stabilizing, credit is growing and banks are gradually repaying crisis loans extended by the National Bank of Ukraine. In parallel, it said that the government and private sector successfully accessed external and domestic debt markets in 2011, which eased concerns about the country's ability to secure short-term financing. It noted, however, that external finances remain a key vulnerability due to significant external financing needs as well as mounting repayments to the IMF in 2012 and 2013. It said that gross foreign exchange reserves reached \$38bn, equivalent to 4.5 months of current account payments, matching the pre-crisis peak.

Source: Fitch Ratings



BANKING

SYRIA

Deposits outflows at \$2.3bn in first four months of 2011

Figures released by the Central Bank of Syria (CBS) indicate that the banking sector's aggregate assets reached SYP2,147bn, or \$45.3bn, at the end of April 2011, constituting a decline of 2% from year-end 2010. The banking sector's total loans, including financing under Islamic methods for Islamic banks, increased by 1.9% to SYP1,339bn, or \$28.2bn, with credit to the resident private sector rising by 4% to SYP647bn, or \$13.6bn, at end-April. The sector's total deposits reached SYP1,279bn, or around \$27bn, at end-April, constituting a drop of 7.8%, or \$2.3bn, in the first four months of the year. Foreign currency deposits totaled SYP172bn, or \$3.6bn at end-April, and declined by 7.5% from end-2010. Also, the sector's resident private sector deposits reached SYP706bn, or \$14.9bn, at end-April, down 8.1% from end-2010. The dollar figures are based on the official exchange rate of 47.45 to the dollar at end-April.

In parallel, the total assets of private commercial banks operating in Syria reached SYP493bn, or \$10.4bn, at the end of April 2011, constituting a decline of 7.4% from end-2010. The banks' foreign assets contracted by 7.6% to SYP115bn, domestic assets regressed by 7.3% to SYP378bn, and reserves declined by 22% to SYP100bn during the first four months of the year. The drop in foreign assets was caused by a decrease of 10% in the balances with foreign correspondents to SYP82.1bn and a decline of 29.2% in cash in vault to SYP3.9bn. Also, the decline in reserves was caused by a 26% drop in deposits at the CBS due to a 33% contraction in Syrian pound deposits and a 16% increase in foreign currency deposits at the CBS. Claims on the resident private sector totaled SYP206bn, up 4.6% from end-2010.

On the liabilities side, deposits reached SYP384bn, or about \$8.1bn, dropping by 11% or \$1bn in the first four months of the year. Time deposits regressed by 7.4% to SYP157bn, demand deposits decreased by 18.4% to SYP89bn, and savings deposits dropped by 19.4% to SYP16bn, while foreign currency deposits regressed by 8.2%, or \$230m, to \$2.6bn. The private banks' loan-to-deposit ratio was 62% at-end-April, up from 43% a year earlier.

Source: Central Bank of Syria, Byblos Research

CÔTE D'IVOIRE

Quality of loan portfolios deteriorates

The International Monetary Fund indicated that Côte d'Ivoire has re-established banking system operations since late April, but that loan portfolios have weakened significantly. It said the reopening of the offices of the Central Bank (BCEAO) and of commercial banks allowed the gradual restoration of the payment system and the normalization of key financial transactions, and that deposits returned fairly swiftly. It added that the BCEAO and banks are still assessing the direct and indirect losses suffered during more than two months of temporary closure. It noted that banks' portfolio quality has been weakened, particularly for banks with large exposure to small and medium-sized enterprises, as the latter have suffered the most and many

may not recover. It considered that bank losses from the crisis and the increase in minimum capital requirements that took effect at end-2010 raise uncertainties about banks' capital positions. The Fund said that the Banking Commission is evaluating the prudential situation of each bank to assess the economic losses impacting the financial soundness of the banking sector. In parallel, the IMF noted that the deterioration in banks' portfolio quality, the requirement of higher capital ratios as of end-2010, and the higher risk assessment for Côte d'Ivoire by foreign banks extending trade credits, have limited most sources of financing for enterprises at a time when they are in urgent need of working capital to rebuild their operations.

Source: International Monetary Fund

CHINA

Ratings of state-owned banks affirmed, new ratings assigned to private banks

Fitch Ratings affirmed the ratings of the state-owned Industrial & Commercial Bank of China, China Construction Bank, and Bank of China at 'A' and that of Bank of Communications at 'A-', and assigned an 'A' rating to the Agriculture Bank of China. It also assigned long-term foreign currency ratings to 10 private banks. It rated the private China Merchants Bank, China CITIC Bank and China Everbright Bank a 'BBB' each, and the remaining 7 banks at 'BB+' each. Further, it upgraded the long-term foreign currency rating of Bank of Shanghai to 'BB+' from 'BB'. It indicated that the banks' long-term ratings are underpinned by expectations of state support, which would be forthcoming in the event of stress but with varying degrees of timeliness and comprehensiveness. It expected China's five large state banks to receive most of the support given their majority state ownership and long track record of benefiting from government assistance. It also expected China's large state banks to benefit from a flight to safety in case the banking sector faced serious strains. But, it noted that credit losses at such banks could still be significant given their size. Further, Fitch highlighted risks to the medium-term asset quality for China's banking sector given the rapid growth of credit since 2008, including loans to local government- and property-related borrowers that have a questionable repayment capacity over the medium-term.

Source: Fitch Ratings

NIGERIA

Central Bank raises policy rate by 75bps to 8.75%

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) increased its policy rate by 75 basis points to 8.75% from 8% previously. The MPC attributed its decision to the need to proactively address the impact of huge injections of liquidity in the third quarter from the expected implementation of the new minimum wage policy and the upcoming deregulation of petroleum products. The policy rate was also hiked to encourage capital inflows to rebuild foreign exchange reserves, which remain low at \$33.7bn. The rate increase constituted the fourth increase in policy rate this year, which resulted in a cumulative tightening to 250bps despite concerns about the global economy, high retail lending rates and sluggish growth in domestic credit.

Source: Central Bank of Nigeria



ENERGY / COMMODITIES

Brent oil above \$117 on U.S. debt fears

Brent crude rose 27 cents to \$117.7 a barrel on July 28, while U.S. crude futures fell 5 cents to \$97.4 a barrel. Prices of oil futures are not expected to fall further even with the economic uncertainty surrounding the U.S. and Europe. Demand is projected to grow steadily amid reduced global output. Crude stockpiles rose unexpectedly with the release of strategic reserves and higher imports, while refiners slowed operations. Gasoline and distillates stocks also increased more than expected and average gasoline demand in the last four weeks fell 3.3% from levels in the same period last year. Overall, Brent ICE futures increased 4.8% month-on-month to \$117.7 a barrel on July 28, while WTI NYMEX futures increased by 1.7% to \$97.4 per barrel.

Source: Thomson Reuters

Iraq signs \$6.5bn refinery deal

The Iraqi Oil Ministry signed a \$6.5bn agreement with the Refinery of Karbala Corporation to build a refinery in the Karbala region. The refinery is expected to have a capacity of 200,000 barrels per day of crude oil, and to produce octane gasoline as well as diesel fuel for the domestic market. The project is part of Iraq's plans to build four new refineries at a cost of \$20bn, adding to an estimated 750,000 barrels per day of refining capacity. Iraq produces about 453,000 barrels per day of refined products and consumes 589,000 barrels per day.

Source: Gulf News

Oil subsidies in Syria at \$2.5bn in first half of 2011

The Syrian government spent SYP117bn, or \$2.49bn to finance the cost of oil product subsidies in the first half of this year. The Syrian monopoly distributor of oil products, Mahrukat, generated SYP156bn in revenues, while the cost of procurements stood at SYP273bn in the first half of 2011. Local demand for gas oil reached 3.6 billion liters in the first half of 2011, a 10% rise year-on-year. Also, demand for fuel oil remained stable at 2.5 million tons, while demand for domestic gas rose 8% year-on-year to 36.3 million gas cylinders.

Source: Syria Report

Iran inks gas pipeline deal with Iraq and Syria

Iran, Iraq and Syria signed a Memorandum of Understanding for the construction of pipelines to deliver Iran's natural gas to Syria and Iraq. The overall cost of the project is estimated at around \$10bn, and includes the construction of a pipeline with a capacity of 110 million cubic meters a day. Iraq is projected to receive about 20 million cubic meters a day for its power plants, while Syria is expected to receive between 20 million and 25 million cubic meters a day. Also, Syria is finalizing a deal with Iraq to import 10,000 barrels a day of crude oil. The volume is considered to be small relative to Syria's current daily output of 382,000 barrels a day.

Source: AFP, MarketWatch

Base metals: Aluminum prices increase on higher oil prices

The performance of base metals was mixed last week, with aluminum prices increasing due to higher oil prices and improved demand in China. Aluminum prices rose 3.6% week-on-week on July 26, tin increased 1.6% week-on-week and zinc prices rose 0.3% week-on-week. However, copper prices declined 0.6% week-on-week, while lead decreased 2.2% week-on-week, reflecting these markets' greater exposure to risk appetite. The U.S. dollar weakened by 3% against the Euro during this period. Chinese consumption for base metals was strong in the first half of 2011 supported by high demand in construction and infrastructure sectors. Overall, the base metals sector has a bullish outlook, despite ongoing problems in Europe and the U.S., where investors remain cautious.

Source: Standard Chartered

Precious metals: Gold up to \$1,600 per ounce on U.S. debt fears

Precious metals prices increased in the past week, gaining support from a weaker U.S. dollar and increased fears about the U.S. debt problem. Investor interest in gold remains elevated, where physical ETFs are up by 2.6% from the start of July reaching a record of 68.2 million ounces on July 26th. Also, net speculative positions on U.S. exchanges rose by 7% week-on-week in the net long position. Traders have limited appetite for physical gold from China and India, which supports the bearish short-term view.

Physical ETFs for silver increased by 2.9% since the start of July, while the net speculative position on U.S. exchanges rose by a sharp 64% in the same period. Strike action in South Africa remains an ongoing threat to platinum and palladium supply. Physical ETFs for palladium fell by 0.8% since the start of July, while platinum ETFs are down 0.6% over the same period. These markets are expected to remain bullish, but volatile trading is likely due to concerns about the economic outlook. Overall, the price of gold increased by 7.5% month-on-month to \$1,623 per ounce on July 28, while the price of silver rose by 15.7% to \$40.4 an ounce. Palladium prices increased by 10.8% to \$842 per ounce on July 28 and platinum rose by 4.9% to \$1,814 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	9,581	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								
Africa													
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								
Middle East													
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
	Negative	-	-	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								
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
	-	-	Stable	-	-								
Bulgaria	BBB	Baa3	BBB-	-	BB	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB	Baa2	BBB-	-	BB	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
	Stable	-	Stable	-	Stable								
Romania	BB+	Baa3	BBB-	BBB-	BB	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
	Stable	-	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
	Positive	Positive	Negative	-	Positive								

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	02-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	19-Jul-11	No change	07-Sep-11
Emerging Markets					
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	21-Jul-11	No change	22-Sep-11
Kenya	Central Bank Rate	6.25	31-May-11	Raise 25 bps	27-Jul-11
Nigeria	Monetary Policy Rate	8.75	26-Jul-11	Raise 75 bps	N/A
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	26-Aug-11
Brazil	Selic Rate	12.50	20-Jul-11	Raise 25bps	Aug-11
Armenia	Refi Rate	8.50	13-Jul-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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