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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Mergers and acquisitions up 24% in second quarter of 2011

Data provider IntraLinks indicated that global merger and acquisitions (M&As) activity posted a 24% increase in the second quarter of 2011 compared to the same period last year and a 21% rise from the previous quarter. It attributed the trends in global deal activity to the opportunities created by market volatility and the factors that brought the market out of the previous financial crisis. It noted that the uncertain future of sovereign debt globally and unstable markets might have encouraged many companies to accelerate deals to avoid selling in a potentially less favorable climate. It added that growth in M&A deal activity in the past two year was underpinned by favorable interest rates, cash-rich corporations, as well as private equity firms that are seeking deals. It said M&A deal activity in Latin America grew by 88% year-on-year and by 43% quarter-on-quarter in the second quarter of 2011, posting the strongest growth of any region. It was followed by the EMEA region with a 29% year-on-year and 26% quarter-to-quarter rise, Asia Pacific with a 25% year-on-year and 18% quarter-to-quarter increase and North America with a 15% year-on-year and 16% quarter-to-quarter growth.
Source: IntraLinks

Global private equity investments up 62% to $180bn in 2010

TheCityUK estimated global private equity investments at $180bn in 2010, constituting an increase of 62% from the preceding year but a decrease of 55% from the peak reached in 2007. It noted that global exit activity totaled $232bn in 2010, posting a three-year high, and continued its upward trend with an all-time level of $120bn in the second quarter of 2011 as fund managers took advantage of relatively robust financial markets to exit investments made in years preceding the global credit crisis. It indicated that the average cost of debt financing was still well above the pre-crisis levels, while leverage remains down and private equity firms are contributing a bigger proportion of equity into their deals. It added that private equity-backed deals generated 7.4% of global M&A volume in 2010 and 6% of deals in the first half of 2011, still well below the all-time high of 21% in 2006. Further, it said that the fundraising environment remained depressed for the third year in a row with $150bn in new funds raised in 2010, marginally up from the preceding year and constituting one-third of annual funds raised in the years preceding the credit crisis. It noted that the average time for funds to close dropped to 15.5 months in the first half of 2011 compared to 20.4 months in 2010. It forecast global private equity investments at about $200bn and for new funds raised to reach $180bn in 2011.
Source: TheCityUK

SYRIA

Central Bank restricts sale of foreign currency to individuals

The Central Bank of Syria's commission responsible for combating money laundering and terrorism financing required banks and money dealers to limit the sale of foreign currency to Syrian citizens to cases when there is a non-commercial "economic justification" for the transaction. The commission allowed banks to sell Syrian citizens a maximum of $1,000 or their equivalent in foreign currency per month, and only three times per year, without any economic justification. The new rules restricted the sale of foreign currency for travel purposes to twice a year, and required travelers to buy the currency one business day prior to departure. Also, the conditions stipulate that a person has to resell the currency to the bank or money dealer within a week in case the economic justification no longer exists. The economic justifications to buy foreign currency include a limit of $3,000 for travel to non-Arab countries and $1,500 for travel to Arab countries other than Lebanon and Jordan; tuition fees for students studying abroad of up to $10,000 per month; students' living expenses of up to $2,000 per month; health treatment abroad of up to $10,000 per month; support to family abroad not to exceed $5,000 spread over five times of $1,000 each; and subscriptions to foreign publications of up to $2,000 per month. The CBS stressed that the sale of foreign currency to one person should not exceed $10,000 per month under any circumstances. It added that violation of the new rules would fall under money laundering charges. The new rules are meant to put an end to manipulation in the currency market and speculation with the Syrian pound.
Source: Central Bank of Syria

NIGERIA

Five more banks at risk of nationalization

The Asset Management Corporation of Nigeria (AMCON) warned that more of the banks rescued in 2009 risk nationalization if their shareholders refuse to approve their Transaction Implementation Arrangements (TIAs) with prospective investors. It said that Intercontinental Bank, Oceanic Bank International, Finbank and Union Bank executed TIAs with potential investors interested in acquiring their banks; while Equatorial Trust Bank signed a TIA with Sterling Bank. It added that the five banks are currently seeking the approval of their shareholders and of the Securities and Exchange Commission for the transactions. It noted that if the shareholders of the 5 banks fail to approve the TIAs, they will risk having the banks' licenses revoked by the Central Bank of Nigeria (CBN), which will lead to he nationalization and acquisition of the banks by AMCON. Last week, the CBN nationalized and revoked the operating licenses of Afribank, Spring Bank and Bank PHB, which are among the rescued banks in 2009. It attributed the decision to its belief that the three banks were unlikely to meet the end-September recapitalization deadline.
Source: All Africa news

OUTLOOK

MENA

Spending levels to stay high, currency pegs to remain despite weaker U.S. dollar

Merrill Lynch indicated that the recent increases in discretionary spending in the region raise long-term issues about fiscal sustainability. It said a global recession would drop oil prices to below $80/bbl, which is the fiscal breakeven price in the GCC. But it estimated that it would take a marked and sustained drop in oil prices to $65-$70/bbl for a revision to near-term spending plans in the GCC, given the elevated social pressures in the wake of the Arab Spring. It expected Bahrain to be the most at risk of a drop in oil prices, mainly because the $20bn GCC Marshall Plan may not materialize, which would result in continued debt accumulation.

It said that a deflationary external shock has weaker direct transmission mechanisms in the MENA region than in other emerging markets, due to lower integration with the rest of the world. It added that elevated oil prices allowed the improvement of balance sheets and the accumulation of savings in oil exporting countries, which provide them with some cushion. It noted that external vulnerabilities of leveraged entities in the GCC have declined, but cautioned that exposure to rollover risk from a potential shock to debt markets remains if risk aversion lasts well into 2012.

In parallel, Merrill Lynch expected lower asset prices and higher global uncertainty to have a negative wealth effect and implications on confidence in the region. It added that lower marginal oil liquidity may weaken money supply and slow the recovery in private sector credit growth. Further, it estimated that a weaker U.S. dollar could raise imported inflation, but this would be mitigated by low inflation in trading partners. It did not anticipate a change in the currency pegs to the U.S. dollar in the region or a modification in the asset allocation of sovereign wealth funds in the near term in the wake of a weaker dollar.
Source: Merrill Lynch

GHANA

Fiscal consolidation unlikely, currency to remain stable over short term

Citigroup expected Ghana's real GDP growth over the foreseeable future to be higher than the average annual growth rate of 5.7% posted during the 2001-10 period. It indicated that the start of oil production crowns what has been a steady improvement in overall economic performance since the economy was severely affected by a fiscal crisis in 2009 and by the slowdown of the world economy in 2008.

It said that a feature of Ghana's recent economic history has been fiscal crises following close elections in 2000 and 2008. It added that progress on fiscal consolidation has been slow in the last few years despite the overall strong economic performance. It projected the fiscal deficit at about 5.5% of GDP in 2011 following the passing of a Supplementary Budget in July 2011, which increased spending despite a rise in revenues. It added that the deficit is unlikely to be reduced next year despite that 2012 will be the first full year of oil production, given the approaching elections in December of next year. But it noted that Ghana's debt levels are still relatively low, even though the prospects for fiscal consolidation are limited in the short term. It added that the revision to Ghana's GDP data and the boost to government revenues from the start of oil production should make the reduction in the deficit much easier going forward.

Citigroup did not expect a major fiscal crisis in the short-term despite the lack of progress on fiscal consolidation. As a result, it considered that the cedi is not under immediate pressure and that the currency will remain stable in 2012 and probably into early 2013. But it warned that the outlook for the cedi is likely to become more complicated beyond the short term. It said that Ghana is still likely to run a significant current account deficit in the coming years of about 5% of GDP annually despite the advent of oil production. It cautioned that funding the deficit could complicate the outlook for the cedi, despite expected significant balance of payments surpluses. It stressed that this would especially be the case if progress on fiscal consolidation does not materialize following the elections. It also expressed significant concerns about the impact on the cedi of rapidly rising wages and salaries following the elections.
Source: Citigroup

EGYPT

Weak global growth prospects raise uncertainties about the economic outlook

The Royal Bank of Scotland (RBS) indicated that weaker global growth prospects have raised uncertainties about the already cloudy macroeconomic outlook in Egypt. It said the outlook is particularly affected by the country's close links to Europe, as the latter accounts for at least 15% of incoming remittances, absorbs about 30% of Egyptian exports, is the source of more than 50% of gross FDI inflows, and its home to 76% of incoming tourists to Egypt. As such, it estimated Egypt's real GDP growth at 1% in fiscal year 2010/11 ending in June. It added that the debt crisis in Europe, the slower recovery in the U.S. and the broader confidence shock globally could negatively affect growth prospects in Egypt in the near-term. As such, it anticipated real GDP growth to come in below consensus at around 2% in FY2011/12.

RBS considered that the current or any new government will find it extremely difficult to institute measures that reduce the sources of pressure on fiscal accounts such as a large public sector, high levels of subsidies, debt servicing and military expenditures. It added that the consensus range for the budget deficit in FY2011 and FY2012 lies between 10% of GDP and 12% of GDP, which means that the public debt burden will remain dependent on the poor growth outlook. As such, it did not expect the public debt-to-GDP ratio to decline from its current level of 70% of GDP, adding that the ratio will rise further in the coming quarters if growth underperforms. In parallel, RBS indicated that Egypt's macroeconomic outlook is also weighed down by the uncertainties surrounding the transition to democracy, as the latter is only likely to be fully completed in 2012. It said that any new government will be averse to reducing the size of the public sector, removing or reducing subsidies, or increasing tax rates.
Source: Royal Bank of Scotland

GCC

Aggregate corporate profits up 5% to $27bn in first half

Corporate earnings in the GCC totaled $26.6bn in the first half of 2011, constituting an increase of 5% from the same period last year, mainly due to improved performance in the first quarter of the year. Corporate income totaled $13.8bn in the first quarter, up 18.7% year-on-year and reached $12.8bn in the second quarter, down 7% from the same quarter last year. Saudi Arabia led the region's corporate earnings with $12.7bn in the first half, accounting for 47.7% of the total. It was followed by the UAE with $5.2bn, or 19.6% of the total, Qatar with $4.3bn (16.3%), Kuwait with $2.9bn (11%), Oman with $822m (3%), and Bahrain with $510m (1.9%). Corporate earnings in Saudi Arabia rose by 25% year-on-year and those in Bahrain and the UAE grew by 5% each; while the income of companies in Kuwait contracted by 33% and that of firms in Omani regressed by 16% from the same period last year; as Qatar companies' earnings were unchanged year-on-year. Profits in Saudi Arabia were boosted by all sectors; while the banking sector drove profits growth in the UAE and Bahrain. The decline in earnings at Kuwait-based firms was mainly due to the contraction in profits of the telecommunication sector, and the decrease in the income of Omani companies was mainly due to a drop in profits of the banking and the telecom sectors.

Source: Kuwait Financial Center

JORDAN

Fiscal deficit widens, vulnerabilities manageable

Merrill Lynch indicated that vulnerabilities in Jordan's economy remain broadly manageable despite the slowdown in the first half of the year, and that the drop in global commodity prices could offer some relief for external balances. But, it warned about the impact of further deterioration in Syria from the resulting increase in geopolitical risks in the region. It indicated that real GDP growth stood at 2.3% year-on-year in the first quarter of 2011, constituting a deceleration from 6% in the preceding quarter. It attributed the slowdown to a 17.7% year-on-year drop in construction, a 2.9% annualized decline in the restaurants & hotels sector as well as to a softening in the manufacturing industry with growth of just 3.3% annually. Further, it noted that the current account deficit widened to 6.6% of GDP at the end of March due to higher oil prices, the disruption caused by the interruption of Egyptian LNG imports, flat tourism and remittance receipts, and weak official grants. It added that FDI covered only 40% of the current account deficit compared to coverage of 80% in the fourth quarter last year. In parallel, it indicated that, excluding grants, the fiscal deficit would stand at 4.7% of GDP at end-May 2011 relative to 3.5% of GDP a year earlier. It considered that Saudi Arabia's pledges of $1bn in grants may cushion the deficit. Merrill Lynch noted that total government debt stood at 62% of GDP in March, but net debt was 57% of GDP, slightly lower than the Public Debt Law threshold of 60% of GDP. It said that foreign currency reserves remain adequate at 43% of GDP and cover about 10 months of imports relative to 12 months at end-2010.

Source: Merrill Lynch

BAHRAIN

Fiscal situation increasingly fragile

Merrill Lynch expected growth in Bahrain to reach 2% in 2011 compared to 4.5% in 2010 due to the impact of the political standoff. It said that the increased hydrocarbon production should cushion the impact of the unrest on the non-oil economy. It noted that the recent large raise in public sector wages, on top of already increased budgets for 2011 and 2012, highlights the increasingly fragile fiscal situation in Bahrain. It said that the 2011 revised budget increased spending by 33% year-on-year, but added that with a larger raise in wages, current spending could post a 38% annual increase. As such, it estimated the 2011 budget to break even at $112 per barrel, up from $99 per barrel in a January estimate, which would make Bahrain more reliant on high oil prices to balance the budget and ease social unrest. It forecast Bahrain's fiscal balance to range between a deficit of 1.3% of GDP and a surplus of 1.6% of GDP in 2011.

Source: Merrill Lynch

ARMENIA

Internet penetration up 60% in past five years, broadband has high potential

Armenia ranked in 115th place among 222 countries at the end of 2010 in terms of fixed broadband penetration, which is the number of subscribers to the service per 100 inhabitants. Its rank improved by 35 spots from 2009. Armenia also came in eighth place among 12 Commonwealth of Independent States (CIS) included in the survey, up two spots from the previous year. Armenia had 2.7 fixed broadband subscriptions per 100 inhabitants in 2010, below the global average of 4.2 subscriptions per 100 inhabitants and the CIS' average 8.3 subscriptions per 100 inhabitants. In parallel, Armenia ranked in 85th place globally in terms of Internet penetration last year, which represents the number of Internet users per 100 inhabitants, constituting an improvement of 42 spots from 2009. It also ranked in third place in the CIS, up 6 spots year-on-year. Armenia had 37 Internet users per 100 inhabitants in 2010, above the global and the CIS averages of 29.7 users and 34 users, respectively. Internet penetration in Armenia grew by a CAGR of 60% during the 2006-2010 period compared to a CAGR of 35% for CIS economies and 22.4% for developing economies.

Source: International Telecommunication Union

ANGOLA

Germany provides $1.7bn in export and investment financing

Angola announced that Germany opened a credit line estimated at $1.7bn to provide financing for German businesses interested in investing in Angola. It said that Germany would finance energy projects, infrastructure rehabilitation & construction projects, and the expansion of existing investments in the country. It added that the current portfolio of German businesses in Angola is focused on construction and water projects, among others. It noted that the credit line would increase investment in Angola, mainly in alternative energy, given the country's favorable climate for such projects. Bilateral trade reached €491m in 2010.

Source: Jornal de Angola, Ministry of Foreign Affairs

EGYPT

Banks' ratings affirmed, profitability to be affected by political and economic uncertainties

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of National Bank of Egypt (NBE) and Commercial International Bank (CIB) at 'BB' with a 'negative' outlook. It also affirmed Crédit Agricole Egypt's (CAE) national long- and short-term ratings at 'AA+(egy)' and 'F1+(egy)', respectively, and assigned a 'negative' outlook to the ratings. It further affirmed CAE's and National Société Générale Bank's (NSGB) support ratings at '3'. It said that NBE's ratings reflect the likelihood of support from the Egyptian authorities given the bank's 100% government ownership, its size and systematic importance as well as the authorities' supportive attitude towards the banking sector. It added that CIB's ratings reflect the strength of the bank's local franchise and management, its consistently sound profitability, and its strong and well-established credit risk management. But, it warned that asset quality could be vulnerable considering the uncertain political and economic environment in Egypt. Further, it said that CAE's and NSGB's ratings reflect the moderate probability of support that would be available from the banks' majority shareholders. Fitch anticipated that slower business growth and continued high impairment charges would weigh on all the banks' profitability for the remainder of 2011.

Source: Fitch Ratings

KUWAIT

Loans-to-deposits ratio at 117%, liquid assets decline

The risk-weighted capital adequacy ratio of banks operating in Kuwait reached 19% at the end of 2010 relative to 16.7% a year earlier and 15.6% at end-2008, and the sector's capital-to-assets ratio was 12.6% at end-2010, up from 11.4% at end-2009 and 10.9% at end-2008. Also, the banks' Tier One capital ratio was 17.3% at end-2010 relative to 14.9% at end-2009 and 14.3% at end-2008. But the sector's liquid assets declined to 22.8% of total assets at end-2010 compared to 27.9% at end-2009 and 28.4% at end-2008; while they were equivalent to 35.7% of short-term liabilities at the end of 2010 compared to 39.2% at end-2009 and 38.4% at end-2008. Further, the sector's loans-to-deposits ratio increased to 116.5% at end-2010 from 113% at the end of 2009 and 109% at end-2008. Also, foreign currency deposits accounted for 30.7% of total deposits compared to 32.7% at end-2009, and foreign currency loans accounted for 25.5% of total loans at end-2010 relative to 25.8% at end-2009. In parallel, the sector's gross non-performing loans reached 8.9% of total loans at end-2010, down from 11.5% at end-2009 but up from 6.8% at end-2008. Further, the sector's specific provisions-to-NPLs ratio regressed to 34% from 38.3% at end-2009 but rose from 29% at end-2008. The banks' return on assets was 1.2% in 2010, up from 0.7% in 2009 and 0.8% in 2008; while their return on equity reached 9.1% last year, up from 6.1% in 2009 and 6.5% in 2008. The sector's interest income-to-gross income increased to 49.9% at end-2010 from 44.5% at end-2009; while non-interest income-to-gross-income decreased to 24.6% at end-2010 from 25.3% at end-2009.

Source: Central Bank of Kuwait

QATAR

Central Bank cuts rates

The Central Bank of Qatar (CBQ) reduced its repurchase and overnight lending rates by 50bps to 4.5% each, and lowered the overnight deposit rate by 25bps to 0.75%. The move comes after the CBQ's decision to reduce its repo, lending and deposit rates by 50bps last April. The CBQ previously reduced the deposit rate by 50bps to 1.50% in August 2010 following a cumulative easing of 315bps since August 2007, while it cut the repo and lending rates for the second time since July 2006. The decision is attributed to the significant rate differential between the Qatari riyal and the U.S. dollar, the record spread between lending and deposit rates, low inflation, and officials' desire to support private sector credit growth. Also, the U.S. Federal Reserve's commitment to keep interest rates exceptionally low until mid-2013 made it difficult for the CBQ to keep a high premium to U.S. rates. The differential over Fed rates remains high in historical comparison, pointing to the possible room for further downward adjustment, particularly in the lending rate.

Source: Deutsche Bank

LIBYA

Bank ratings remain on watch negative on continuing uncertainties

Standard & Poor's maintained the 'BBB-/A-3' long- and short-term counterparty credit ratings of the Bahrain-based Arab Banking Corp (ABC) on CreditWatch Negative. It said that it was unable to resolve the CreditWatch placement due to the continued uncertainty in Libya, given that the Central Bank of Libya is ABC's largest shareholder. It added that the placement reflects the potential impact of the prevailing political and social unrest in Libya on the bank's financial and business profiles. It also factored in the sanctions imposed on Libya by various countries. It said that ABC's reliance on very large deposits from Libyan entities constitutes the bank's largest Libya-related financial risk. But, it added that ABC has built sizable liquidity reserves to address potential short-term stress. It indicated that the bank's credit exposure to Libya is largely collateralized by cash, and that the same exposure to other countries experiencing unrest in the region is overall relatively moderate.

In parallel, Fitch Ratings maintained on Rating Watch Negative the 'BB' long-term Issuer Default Rating and 'bb' Viability Rating of the British Arab Commercial Bank's (BACB), which is 84%-owned by the Libyan Foreign Bank. It attributed its decision to the ongoing uncertainty in Libya and the consequent impact on the bank. It estimated that deposits from Libyan institutions, which are frozen by sanctions, account for about 75% of the bank's deposits. But, it said that most of the bank's assets are invested in highly liquid bank placements and securities, which would enable BACB to meet even substantial deposit withdraws if necessary.

Source: Standard & Poor's, Fitch Ratings

ENERGY / COMMODITIES

Oil prices rise on lower U.S. inventories and gains in equities

Oil prices rose to near two-week highs, lifted by initial gains on Wall Street and a steep drop in U.S. gasoline inventories last week. ICE Brent prices for October delivery gained $1.5 to reach $110.6 a barrel on August 17th. Also, U.S. crude for September delivery gained 93 cents to $87.6 a barrel on the same day. ICE Brent prices declined to $98.7 a barrel on August 9, the lowest level since February, on concerns about an economic slowdown. Brent's premium against the U.S. October crude contract closed at $22.9 on August 17, up from $22.3 the previous day. The spread had reached a record high of $26.1 on August 9th. Further, Saudi Arabia produced 9.8 million barrels per day in June, up by more than 900,000 barrels from May, while exports rose to their highest level since the financial crisis in 2008. U.S. gasoline stockpiles declined 3.5 million barrels last week, while stocks of Cushing in Oklahoma fell nearly 900,000 barrels to 33.7 million barrels, their lowest level since mid-November.

Source: Thomson Reuters

Ghana signs oil and gas exploration agreement with Saudi Arabia

The Ghana National Petroleum Corporation (GNPC) signed a memorandum of understanding with the Saudi Arabian company PetroSaudi International to jointly explore, develop and produce oil and gas in Ghana. Africa's newest crude oil producer, Ghana started pumping oil last December from its Jubilee oilfield, operated by the British energy company Tullow Oil. Further, Ghana stated that it is planning to borrow $800m from the state-owned China Development Bank to develop its natural gas infrastructure.

Source: Thomson Reuters

Nigeria’s oil reserves declined to 36.6 billion barrels in early 2011

The government of Nigeria stated that the country's oil reserves dropped to 36.6 billion barrels in early 2011, down from 37 billion barrels in 2010. Nigeria failed to contain the amount of waste of its gas stock, as it still flares 1.4 billion cubic feet daily from the current 6.8 billion cubic feet per day of gas production. The decline in oil reserves has heightened concerns that Nigeria’s oil wells might dry up in the next 50 years. The country's oil reserves are forecast at 40 billion barrels in December 2011, with increases in exploration activities.

Source: The Guardian

Iraq received three bids to build gas power plant

Iraq received bids by three foreign companies to build a 1,014 megawatt power plant north of Baghdad. Total bids amounted to $1.3bn from a South Korean company, an Egyptian company and a Chinese company. The firms offered to complete installation of six gas units in two years, each with capacity of 169 megawatts. Iraq currently receives a few hours of power a day from the national electricity grid, despite that the country has one of the biggest oil reserves in the world.

Source: Thomson Reuters

Base metals: Copper prices above $9,000 per ton

Copper prices in London closed at above $9,000 per ton on August 17, due to a weak dollar and rising U.S. inflation which is pushing investors to buy futures. The London Metal Exchange (LME) benchmark copper prices peaked at $9,019 a ton on August 17, its highest level since August 10th. Further, the September COMEX contract in New York rose 3.8 cents to settle at $4, after reaching its two-week peak at $4.1. Commodity investors gained confidence in global equity markets, with stronger outlooks and results from U.S. retailers. The U.S. dollar also weakened, which makes commodities more affordable for holders of other currencies.

In parallel, lead for three-month delivery on the LME declined 0.3% to $2,358 a ton, while tin prices increased 0.8% to $24,200 a ton. Also, aluminum prices rose by 0.3% to $2,403 a ton, zinc prices declined 0.2% to $2,210 a ton and nickel prices dropped 0.7% to $21,798 a ton.

Source: Bloomberg, Thomson Reuters

Precious metals: Gold prices higher on growth fear

Spot gold prices increased 0.2% to $1,792 an ounce on August 18, after three days of rises, reaching only 1.2% below its all-time high of $1,814 an ounce reached last week. The main factors that are pushing prices higher are the persistent worries about the euro zone debt woes and slower global growth, which are preventing a rebound in the U.S. dollar. Holdings in the SPDR Gold Trust, the world's largest gold exchange-traded fund, rose by 0.72% on August 17 to 1,272 tons. Also, spot silver prices gained 0.1% to $40.2 an ounce, after closing above $40 an ounce for the first time in two weeks in the previous session.

Further, gold demand from investors picked up strongly, where daily volumes of physically-backed gold products in early August were more than double the last 12 months' average. Also, speculative interest in gold futures increased strongly over the past two weeks, and net-long positions by money managers stood at record-high levels.

Source: Julius Baer, Thomson Reuters

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	1,518	1,700
Palladium	529	798	900
Platinum	1,613	1,845	2,050
Silver	20	37	40

Source: Standard Chartered

COUNTRY RISK METRICS

Countries	LT Foreign currency rating 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 (%)
Africa													
Algeria	- -	- -	- -	- -	BB Stable	-9.9	16.1	2.9	7.4	2.0	3.2	3.4	1.8
Angola	BB- 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	CCC 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	- -	BB Positive	-10.8	-	34.9	50.0	-	-	-11.6	10.9
Ivory Coast	- -	- -	- -	- -	CC Stable	-0.2	-	50.1	111.2	-	-	6.8	1.8
Libya	BB Negative	- -	B Stable	- -	B 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	- -	- -	- -	- -	C Stable	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
Tunisia	BBB- Negative	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	A 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	CCC Stable	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Negative	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	AA 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 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+ Positive	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	09-Aug-11	No change	20-Sep-11
Eurozone	Refi Rate	1.50	04-Aug-11	No change	08-Sep-11
UK	Bank Rate	0.50	04-Aug-11	No change	08-Sep-11
Japan	O/N Call Rate	0-0.10	05-Aug-11	No change	07-Sep-11
Australia	Cash Rate	4.75	02-Aug-11	No change	07-Sep-11
New Zealand	Cash Rate	2.50	28-Jul-11	No change	15-Sep-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	09-Aug-11	No change	20-Sep-11
Taiwan	Discount Rate	1.88	24-Jun-11	No change	Sep-11
South Korea	Base Rate	3.25	11-Aug-11	No change	Sep-11
Malaysia	O/N Policy Rate	3.00	07-Jul-11	No change	08-Sep-11
Thailand	1D Repo	3.25	13-Jul-11	Raise 25bps	24-Aug-11
India	Reverse repo rate	8.00	26-Jul-11	Raise 50bps	16-Sep-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	5.75	04-Aug-11	Cut 50 bps	23-Aug-11
South Africa	Repo rate	5.50	21-Jul-11	No change	22-Sep-11
Kenya	Central Bank Rate	6.25	27-Jul-11	No change	01-Sep-11
Nigeria	Monetary Policy Rate	8.75	26-Jul-11	Raise 75 bps	20-Sep-11
Ghana	Prime Rate	13.00	06-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	31-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	0.18	01-Aug-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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