

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Private equity-backed buyout deals at \$61bn in third quarter of 2011**

Preliminary figures released by Preqin indicated that the aggregate value of private equity-backed buyout deals totaled \$60.6bn in the third quarter, constituting a decrease of 23% from \$78.7bn in the second quarter and an increase of 7% from \$56.8bn in the first quarter of the year. The number of equity-backed buyout deals stood at 670 in the third quarter of 2011. North America buyouts accounted for \$29.9bn or 49% of the global aggregate value, followed by Europe with \$22.8bn (38%), and Asia & the Rest of the World with \$8bn (13%). Also, leveraged buyout deals accounted for 52% of aggregate value and 43% of the total number of deals, followed by public-to-private deals with 29% (5%), add-on deals with 14% (37%), and growth capital deals with 6% (14%). Further, business services accounted for 21% of private equity investments' value in the third quarter and 17% of the number of deals, followed by information technology with 20% (12%), health care with 18% (10%), the industrial sector with 16% (29%) and the consumer segment with 14% (16%). There were 254 exits valued at \$56.2bn in the third quarter of 2011, constituting a significant decline of 54% from a record high of over \$120bn in the previous quarter. Also, there were 87 secondary buyouts announced in the third quarter with a value of \$16.6bn, representing a decrease of 33% in value from 101 secondary buyouts valued at a total of \$25bn in the previous quarter.

*Source: Preqin*

#### MENA

##### **Capital markets equivalent to 108% of GDP, account for 1% of global financial markets**

The International Monetary Fund indicated that the total size of capital markets in the Middle East & North Africa stood at \$2,579bn at end-2010, with bank assets accounting for 54.2%, equities for 32.9%, and debt securities for 12.9% of the total. MENA capital markets were equivalent to 108% of the region's GDP, the lowest such ratio among all emerging markets (EM). The size of the region's capital markets accounted for 6.3% of EM bank assets, bonds and equities. It said that bank assets in the MENA region totaled \$1,399bn and accounted for 7.3% of EM bank assets. Further, the region's stock market capitalization stood at \$849bn and accounted for 6.8% of EM market capitalization. Also, debt securities in the MENA region reached \$332bn and accounted for 3.7% of total debt securities in EM economies, with public debt securities at \$205bn and private debt at \$127bn. The size of the MENA capital markets accounted for 1% of global capital markets. The region accounted for 1.4% of global bank assets, for 1.5% of market capitalization worldwide, and for 0.3% of global debt securities. In parallel, total foreign currency reserves excluding gold in the MENA region stood at \$1,013bn at the end of 2010, accounting for 16.1% of total EM reserves and 10.5% of global reserves.

*Source: International Monetary Fund, Byblos Research*

##### **Region has inadequate microfinance infrastructure**

The Economist Intelligence Unit's 2011 Global Microfinance Index ranked the Middle East & North Africa region in last place among developing economies in terms of the environment for microfinance. The MENA region had a score of 32.2 points, below the global average of 41.5 points as well as below the average scores of Latin America & the Caribbean (45.1 points), Sub-Saharan Africa (42.9 points), Eastern Europe & Central Asia (40.4 points), and East & South Asia with (37.8 points). The index evaluates microfinance across two categories that are Regulatory Framework & Practices that assesses market-entry and regulatory dynamics; and the Supporting Institutional Framework that addresses institutional and business practices. The index also factors in the impact of political shocks on the microfinance sector. The MENA region ranked last in the regulatory framework category; and came in fourth place in the institutional development category. Yemen has the most developed regulatory framework and institutional environment for microfinance in the MENA region.

*Source: Economist Intelligence Unit*

#### GCC

##### **Investments in power generation capacity at \$45bn by 2014**

Power generation capacity in the Gulf Cooperation Countries is expected to reach 128,513 Megawatts at the end of 2014, up from 98,602 Megawatts at the end of 2009 and to increase at a compound annual growth rate (CAGR) of 10% during the 2009-14 period. The increase in capacity is mainly attributed to an expected 7% to 8% annual rise in power consumption across the GCC over the coming years. Installed capacity doubled from nearly 46,600 Megawatts between 2002 and 2009, while power consumption across the GCC increased at a CAGR of 9% during the covered period, with Saudi Arabia and the UAE accounting for a combined 75% of total GCC consumption. Power generation capacity in Saudi Arabia is expected to total 63,087 Megawatts at end-2014 and is forecast to grow at a CAGR of 6% in the 2009-14 period, followed by the UAE with 28,040 Megawatts (11%), Kuwait with 17,752 Megawatts (5%), Qatar with 9,100 Megawatts (11%), Oman with 6,349 Megawatts (8%) and Bahrain with 4,185 Megawatts (7%). In parallel, GCC countries are forecast to spend \$44.6bn to add an additional 30,000 Megawatts capacity by 2014. Saudi Arabia is expected to spend \$17.7bn to increase its capacity by 11,892 Megawatts by end-2014, the UAE will invest \$10.9bn for an additional capacity of 7,344 Megawatts, Kuwait will spend \$9.1bn to add 6,111 Megawatts, Oman is forecast to invest \$3.4bn to raise production by 2,304 Megawatts, Qatar will spend \$1.8bn for an additional 1,200 Megawatts, and Bahrain will spend \$1.6bn to add 1,060 Megawatts.

*Source: Kuwait Financial Center*

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# OUTLOOK

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## MENA

### **Growth at 4.1% in 2011, global downturn to be felt more severely than in 2008**

The World Bank projected economic growth in the Middle East and North Africa (MENA) region at 4.1% in 2011, improving from a May forecast of 3.6% for the year due to more expansionary fiscal policies in the region, expanded oil production, better than expected growth in Iran, and a quicker than anticipated pick-up in industrial production in Egypt. It estimated real GDP growth in oil exporters at 5.8% and that of oil importers at 2.5% this year. It forecast growth in the MENA region to slow down to 3.8% in 2012 because of lower expected oil prices and slower global growth. It said uncertainties about the region's growth outlook have increased, in line with growing risks. It noted that failure to achieve political and macroeconomic stability would extend the uncertainty, which would lead to weaker investment and economic activity, as well as to a deterioration of fiscal balances. It added that the ongoing political and economic uncertainties have put a number of countries in a weaker position to respond to another global downturn, implying that a global slowdown would be felt more severely now than in 2008 when economic growth in the region was robust. It considered that the region will feel the effects of a global recession mainly through the trade channel, especially oil, rather than through the financial channel. It indicated that lower oil prices will put further pressure on fiscal balances in many oil exporters, especially in a period of expanded government spending. It added that reduced oil prices will be a relief to developing oil importers, but this will be offset by lower exports and remittances.

The World Bank projected the MENA's fiscal balance to post a surplus 1.4% of GDP in 2011, with oil exporters registering a surplus of 3.6% of GDP and oil importers a deficit 7.5% of GDP. Further, it forecast the region's current account balance to post a surplus of 8% of GDP this year, with oil exporters registering a surplus of 11.3% of GDP and oil importers a deficit 5.4% of GDP.

*Source: World Bank*

## ALGERIA

### **Non-hydrocarbon growth at 5.3%, reforms are key to reduce hydrocarbon dependency**

The Institute of International Finance projected real GDP growth in Algeria at 4% in 2011 and 3.9% in 2012 compared to an estimated growth of 3.5% in 2010, and forecast non-hydrocarbon growth at 5.3% in 2011 and 5% in 2012, relative to 5.3% in 2010. It said that high government spending continues to drive economic activity, allowing for the expansion of public sector employment and consumption spending. It expected the construction sector and services to continue to be the main drivers of the strong growth in the non-hydrocarbon sector, despite a decline in hydrocarbon production in the past five years. Further, it expected the average inflation rate to remain on its downward trend reaching 3.6% in 2011 relative to 3.9% in 2010. It noted that the breakeven price for oil, which would match actual or expected revenues with expenditures, has increased steadily from \$34/b in 2005 to \$90/b in 2010, and an expected \$105/b in 2011. Further, it considered that rising oil

and gas prices continue to strengthen the balance of payments position, with the current account surplus expected to widen to 10.3% of GDP in 2011. It expected the fiscal balance to shift to a small surplus of 0.3% of GDP from a deficit of 3.8% of GDP in 2010, due to the rise in hydrocarbon revenues. It projected official foreign currency reserves at \$187.5bn at end-2011 and \$201.4bn at end-2012, equivalent to 34.4 and 34.6 months of imports of goods and services, respectively.

In parallel, the IIF noted that the Algerian economy remains highly dependent on fluctuations of hydrocarbon prices and on public expenditures, and highlighted the need for structural reforms to help stimulate the private sector and sustain rapid growth over the medium term. It added that the country's business climate continues to be challenging to investors due to excessive state control. It considered that delays in disengaging the government from key sectors of the economy continue to hamper private sector activity. It noted that the major challenge for the government are the implementation of a broad-based structural reform program, including financial sector reform, simplifying business procedures, reform of state institutions, and the further opening of the infrastructure sectors to private operators and investors.

*Source: Institute of International Finance*

## GHANA

### **Growth at 15% in 2011, fiscal loosening is main concern**

Barclays Capital projected economic growth in Ghana at 15.3% in 2011 and 7.5% in 2012, compared to growth of 7.7% in 2010. It said the robust economic activity is underpinned by strong export revenues from oil, gold and cacao, as well as by infrastructure investment. It added that activity rose sharply so far this year in a broad range of sectors, most notably in agriculture, mining, manufacturing, construction, and services. It noted that this year's strong growth has not fueled inflation yet, but it expected the inflation rate to increase to 10.3% at end-2011 and to 11.4% at end-2012 relative to 8.6% last year, driven by higher utility prices, large public sector wage increases as well as increased liquidity. It expected policy rates to remain on hold until at least 2012 amid moderate inflation and downside risks to global growth.

In parallel, Barclays indicated that the fiscal position remains somewhat loose, particularly ahead of next year's election, despite significant improvement in the 'headline' fiscal deficit in recent years. It said that the government raised its fiscal deficit target to 5.1% of GDP for 2011 in July this year from an earlier target of 4.1% of GDP through a supplementary budget to deliver infrastructure and jobs ahead of next year's election. Further, it expected upward pressures on fiscal spending to persist, and expressed concerns about Ghana's repeated failure to meet important fiscal targets. As such, it expected significant upside risk to the fiscal deficit for 2011. It added that the low government revenues-to-GDP ratio emphasizes the need to preserve the sustainability of public finances and to rebuild fiscal buffers.

*Source: Barclays Capital*

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## ECONOMY & TRADE

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### IRAQ

#### **Draft budget for 2012 projects deficit of 20% of GDP**

Citigroup indicated that the Iraqi government's 2012 draft budget shows the fiscal deficit widening by \$20bn to 20% of GDP compared to a projected surplus of 2.2% of GDP in 2011 and a deficit of 11.1% of GDP in 2010. It said the draft budget represents a significantly different fiscal picture than the one the international community was expecting. It considered that the expansionary budget would test the limits of Iraq's near-term fiscal capacity, with expenditures increasing by 45.6% and revenues rising by 16.7% year-on-year. It noted that the government based its figures on aggressive assumptions such as average oil prices of \$85 per barrel and total average production of around 3.2 million barrel per day. It said these assumptions mean that there is little chance of the budget execution outperforming the projected deficit, with risks tilted to the downside. Citigroup expected the government to finance its deficit through unused sources carried over from the 2011 budget and potential domestic and foreign borrowings. It said the unused sources total about \$23bn and include \$2.5bn in undrawn commitments from the IMF and World Bank, \$7.5bn from the Development Fund for Iraq, this year's expected fiscal surplus of \$2bn, and \$11bn in central government deposits at the Central Bank of Iraq and at commercial banks.

*Source: Citigroup*

### SYRIA

#### **Damascus is largest recipient of IMF technical assistance in the region**

The International Monetary Fund's Middle East Technical Assistance Center (METAC) indicated that Syria accounted for 25% of its overall allocation of technical assistance delivery during fiscal year 2011. Syria was the biggest recipient of such assistance for the fourth year in a row, ranking ahead of 10 countries in the region. Syria received 342.5 days worth of assistance in 2011, equivalent to 68.5 Person Weeks, up from 312.5 days worth of assistance in fiscal year 2010 or 62.5 Person Weeks. It received 87.5 days in revenue administration support, or 25.6% of the total. It was followed by 85 days in banking supervision assistance, equivalent to 24.8% of the total, macroeconomic statistics support with 67.5 days (19.7%), public financial management assistance with 62.5 days (18.3%), and debt management assistance with 40 days (11.7%). METAC's assistance covered improving balance of payments data collection, assistance in the compilation of remittance statistics, developing capacity in debt management, improving and compiling statistics on the international investment position, support in establishing an office for medium-size taxpayers, and support for accounting reforms at the Central Bank of Syria.

*Source: International Monetary Fund*

### CÔTE D'IVOIRE

#### **Recovery from crisis underway**

Barclays Capital indicated that Côte d'Ivoire appears to be in a good position to recover from its recent crisis if the political situation continues to stabilize. It said that the economic recovery is supported by the country's status as the world's dominant pro-

ducer of cocoa, its port infrastructure, and a relatively high educational level compared to the African region. Further, it expected the country to reach the Heavily Indebted Poor Countries' completion point by mid-2012, which should qualify it for debt relief of \$3bn out of a total external debt stock of \$12.2bn as of end-June 2011. It added that external vulnerabilities seem mainly limited to commodity price movements, and to weaker investment prospects and less generous grants from bilateral donors in case of a severe deterioration in the global economy. It said that the government's finances remain stretched due to post-crisis spending needs and lower fiscal revenues. As such, it expected Côte d'Ivoire's fiscal deficit to reach about 8% of GDP this year, compared with a targeted deficit of 3% of GDP in 2012. It added that the government's plan to clear domestic arrears of \$580m by the end of 2012 would put further pressure on the 2012 budget. It projected Côte d'Ivoire's current account surplus at 0.5% of GDP this year down from a surplus of 4.6% of GDP last year.

*Source: Barclays Capital*

### UKRAINE

#### **Balance of payments risks increase on global turmoil**

Citigroup indicated that Ukraine's economy remains vulnerable to contagion risks from outflows of portfolio investments due to its high total external financing needs. It said that Ukraine has to repay \$53bn in public and private external debt, including \$15bn in trade credits, between July 2011 and June 2012 compared to foreign currency reserves of about \$35bn as of the end of September 2011. It estimated the country's debt repayments at about \$7bn in the fourth quarter of the year relative to \$5bn in each of the first and second quarter of 2011. As such, it estimated Ukraine's need to cover its current account deficit and capital outflows at between \$8bn and \$10bn in the fourth quarter of this year. Further, it projected Ukraine's sovereign external debt repayment at \$2.6bn in the fourth quarter of 2011 and \$1.9bn in 2012, adding that the country has to repay the International Monetary Fund \$3.5bn in 2012. In parallel, it said that external debt repayments, foreign currency purchases by individuals, and ruble depreciation pose risks for the local currency. It estimated the National Bank of Ukraine's intervention to support the hryvna at about \$1bn to \$2bn in September and expected the currency to continue to depreciate in the first half of 2012.

*Source: Citigroup*

### ARMENIA

#### **Annual inflation at 6.2% in September**

The inflation rate in Armenia reached 6.2% in September on an annual basis and 0.8% month-on-month. Inflation was driven by a rise in food prices that grew by 10.3% from September 2010 and by increased by 1.3% month-on-month, which led to an 8.1% and a 1.1% rise in overall consumer goods prices, respectively. In comparison, prices of alcoholic beverages and tobacco increased by 1.8% annually and by 0.3% from August, while non-food prices grew by 3.5% year-on-year and by 0.5% from August 2011.

*Source: National Statistical Service*

# BANKING

## GCC

### Credit growth to remain subdued, banks better prepared to face global turmoil

Barclays Capital indicated that the balance sheets of GCC banks have improved significantly since the onset of the global financial crisis, despite the impact of corporate restructuring in Dubai, Abu Dhabi and Kuwait. It said the liquidity squeeze that paralyzed banks' lending activity few years ago have eased due to stricter credit extension regulations and higher oil revenues that bolstered deposit growth, with average loans-to-deposit ratios for the GCC reaching 87% in June 2011 compared with 99.2% in 2008. Also, the region's average NPLs stood at 4.7% at end-2010 relative to 2.7% in 2008, but NPL creation has slowed down and is expected to continue declining in 2011. It added that the banks' capital adequacy ratio increased by 2 percentage points to 17.7% due to significant capital injections. It noted that despite these improvements and significant spending to spur investment and consumption, credit growth remains low, but is steadily accelerating in Saudi Arabia, Oman and Qatar. It expected stricter regulations and risk aversion to keep credit expansion subdued. In parallel, Barclays said that GCC banks are indirectly exposed to southern European banks, primarily through lending and liquidity from United Kingdom banks. It noted that the UAE and Qatar's claims to these banks amount to about 18.4% of GDP and 16% of GDP, respectively; while UAE and Qatar's claims to French banks represent 7% of GDP and 4% of GDP, respectively. It noted that the spread of financial turmoil may hurt the ability or willingness of euro area banks to maintain exposure to GCC countries, but expected this trend to be more limited than in 2008-09.

Source: *Barclays Capital*

## SUDAN

### Central Bank imposes new restrictions on foreign currency proceeds

The Central Bank of Sudan (CBoS) announced that it has shortened from six months to a maximum of three months the period during which exporters must return foreign currency proceeds obtained through letters of credit. It said that the new rule aims to control the shortage of foreign currency in the country, as it will restrain businesses' ability to utilize their foreign currency holdings to trade on the black market. Prior to South Sudan's independence, oil proceeds constituted the main source of Sudan's foreign currency, and accounted for more than 50% of government revenues and 90% of exports receipts. The secession of the oil-rich South last July caused a steep drop of the exchange rate of the pound against foreign currencies. The US dollar is reportedly trading at 4.8 Sudanese pounds on the black market, compared to the official rate of 2.7 pounds to the dollar. In parallel, the CBoS attributed the recent deterioration of the Sudanese pound against the US dollar to temporary factors that include the leakage of the Sudanese pound from South Sudan during the currency conversion process and the disbursement of severance pay to Southerners who worked in the federal government. The CBoS urged citizens to refrain from resorting to the black market and reiterated its commitment to meet the market's demand for foreign currency. Last month, The CBoS asked Arab central banks to deposit funds at commercial banks and at

the CBoS in order to support Sudan's foreign exchange reserves. It estimated Sudan's needs in foreign currency at around \$4bn this year.

Source: *Thomson Reuters, Sudan Tribune*

## TURKEY

### Supervisory framework needs strengthening to address systemic risks

The International Monetary Fund indicated that the sizeable capital buffers of banks operating in Turkey are capable of absorbing a short-lived macroeconomic shock, but warned that strains would be a lot more significant if the shock were protracted. As such, it considered that the Banking Regulation and Supervision Agency's (BRSA) framework needs to be further strengthened to more effectively address evolving risks, especially regarding more stringent oversight of liquidity and operational risks, banks' risk management frameworks and models, and a more comprehensive supervision of financial system groups. In parallel, the Fund considered that the newly-formed Financial Stability Committee (FSC) would provide the basis for a systemic approach to financial supervision that may be better suited to preemptively contain sector-wide risks. It noted that the recent establishment of the FSC aims to improve the detection of emerging systemic risks and to facilitate prompt policy action and to better integrate the micro- and macro-prudential functions of the respective agencies.

Source: *International Monetary Fund*

## NIGERIA

### Central Bank takes drastic measures to avoid currency devaluation

The Central Bank of Nigeria (CBN) increased its policy rate by 275 basis points to 12% from 9.25% previously, doubled the cash reserve ratio (CRR) to 8% from 4%, and changed the method for computing the ratio to a daily compliance system relative to a more relaxed reserve averaging adopted previously. Further, it reduced banks' net open position (NOP) to 1% of shareholder funds from 5% previously, in order to discourage speculation on the US dollar. It attributed the tightening measures to increased global uncertainty, capital outflows, and doubts about official commitment to foreign exchange stability. The CBN stated that it tightened its monetary policy rather than announcing a one-off devaluation of the naira because it considered that devaluation would not have ended pressure on the currency. It said that devaluation would have further increased demand for foreign exchange, therefore risking an even greater drawdown of reserves and would have compromised price stability. In parallel, Standard Chartered expected the increase in the CRR to result in the immediate withdrawal of \$2.5bn from the banking system and the narrowing of the money supply by 7%. It considered that the impact of the new limits on the NOP is sufficient to deal with existing demand for foreign currency, as it expected the release of as much as \$500m. Further, it expected that monetary policy tightening to have a limited impact on the real economy, but it expressed concerns over the transmission effect of monetary policy as only a limited fraction of bank lending is channeled to the real sector.

Source: *Standard Chartered, Central Bank of Nigeria*

# ENERGY / COMMODITIES

## Brent falls to \$111 a barrel as China crude imports decline

Brent crude prices fell to near \$111 a barrel on October 13, following six days of gains, and after trade data from China showed slower demand. Chinese crude oil imports fell 12.2% in September on a daily basis and reached below 5 million barrels per day for the fourth consecutive month. The fall in Chinese imports came despite analysts' expectations of a gain in demand, as new refineries opened and some units restarted after scheduled maintenance. Brent crude prices for November fell 25 cents to \$111.1 a barrel on October 13, after a gain of 11.6% over the previous six sessions. Also, U.S. crude prices declined 80 cents to \$84.8 a barrel on the same day. Brent's premium to U.S. crude stayed at above \$26 a barrel. The spread widened following a decision on October 11 by the Dow Jones-UBS Commodity Index to add Brent as a component in 2012 and reduce the weighting for the U.S.-traded West Texas Intermediate. Further, U.S. commercial crude stocks and product inventories fell unexpectedly last week.

Source: Thomson Reuters

## South Sudan exports over 20 million barrels since independence

South Sudan exported 22 million barrels worth an estimated \$2.1bn of oil via Sudan since it gained independence last July. Since the secession, South Sudan has been producing over 350,000 barrels a day, while Sudan produces 130,000 barrels per day and controls the refineries and the pipeline. Also, the European Coalition on Oil in Sudan estimated that oil production of South Sudan will decline to 200,000 barrels per day by 2016 and to 160,000 barrels per day in 2018.

Source: Sudan Tribune

## Algeria to spend \$20bn on renewable energy

Algeria plans to invest more than \$20bn in renewable electricity over the next 20 years in an effort to push production from green sources. The total sum of electricity production development between 2011 and 2021 is forecast at \$35.4bn, \$20bn of which will be dedicated to renewable energy. By 2030, around 40% of electricity production for national consumption is expected to be generated from renewable energy. Currently, most of Algeria's electricity is produced through natural gas, although earlier this year the country launched a hybrid plant that boosts gas-fired production with solar panels.

Source: Utilities Middle East

## OPEC revises downwards world oil demand growth in 2011

OPEC revised downwards its forecast of world oil demand growth by 0.18 million barrels per day to show growth of 0.9 million barrels per day in 2011, due to the world economic downturn especially in OECD countries. It explained that Chinese oil demand will be affected by the new government policies aimed at reducing the use of transport oil. OPEC also noted that the increase in retail prices in India is expected to play a major role in dampening oil consumption in the coming year.

Source: OPEC

## Base metals: Prices rebound in response to positive U.S. data

Following weak sentiment at the end of September and increases in hedge funds' net short positions in base metals, prices rebounded on a stronger-than-expected U.S. non-farm payrolls report last week. Three-month copper prices rose 9% week-on-week on October 10 to \$7,479 per ton. Also, copper demand from Asia remains strong, although the 2012 premium offered to European buyers has been cut by 9% year-on-year to \$90 per ton.

Further, there was a 65% increase in LME cancelled warrants between October 3 and October 10. This indicates that 53,000 tons of copper will be withdrawn from LME warehouses in the near term, of which 84% are expected to be withdrawn from South Korea and Singapore. Also, three-month aluminum prices are 10% lower than their marginal cost, and three-month zinc prices are 6% lower. At the height of Eurozone debt crisis, aluminum prices fell close to average costs, but driven by aggressive destocking and a collapse in demand. Overall, buying opportunities are expected to arise in the next three months for consumers, particularly for copper.

Source: Standard Chartered

## Precious metals: Gold prices increase on higher demand

Gold prices rose by 2.4% this week, its strongest weekly performance in over a month, due to robust demand from jewelers and other consumers in Asia, where premiums are at their highest level since the start of 2011. Spot gold prices reached \$1,670 an ounce on October 13, down from an overnight high of \$1,684 an ounce. Also, a stronger U.S. dollar provided support for gold prices.

Further, silver prices fell 1.8% to \$32 an ounce, while palladium prices fell 0.9% to \$599 an ounce. Palladium, which doubled in price in 2010 due to demand from China's fast-growing car market, has lost more than 25% of its value this year, having fallen to its lowest in 25 months in October. Also, platinum prices declined 0.9% to \$1,531 an ounce.

Source: Thomson Reuters

Global Commodity Outlook			
(3-months LME, \$/ton)	2010	2011f	2012f
Aluminum	2,201	2,488	2,450
Copper	7,570	9,108	9,500
Lead	2,172	2,472	2,525
Nickel	21,913	23,876	23,000
Tin	20,448	26,906	27,000
Zinc	2,188	2,289	2,400
(Spot price, \$/ounce)			
Gold	1,227	1,601	1,900
Palladium	529	765	900
Platinum	1,613	1,766	2,050
Silver	20	37	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	-	Stable	-	Positive								
Ivory Coast	-	-	-	-	CCC	-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
	Negative	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	-	-	-	-	CCC	-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								
<b>Central &amp; Eastern Europe</b>													
Armenia	-	Ba2	BB-	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
	-	-	Stable	-	-								
Bulgaria	BBB	Baa3	BBB-	-	BB	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB	Baa2	BBB-	-	BB	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
	Stable	-	Stable	-	Stable								
Romania	BB+	Baa3	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	20-Sep-11	No change	02-Nov-11
Eurozone	Refi Rate	1.50	06-Oct-11	No change	03-Nov-11
UK	Bank Rate	0.50	06-Oct-11	No change	10-Nov-11
Japan	O/N Call Rate	0-0.10	07-Sep-11	No change	07-Oct-11
Australia	Cash Rate	4.75	04-Oct-11	No change	01-Nov-11
New Zealand	Cash Rate	2.50	15-Sep-11	No change	17-Oct-11
Switzerland	3 month Libor target	0.00	15-Sep-11	No change	15-Dec-11
Canada	Overnight rate	1.00	07-Sep-11	No change	25-Oct-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	20-Sep-11	No change	02-Nov-11
Taiwan	Discount Rate	1.88	30-Jun-11	Raise 12.5bps	Q4-11
South Korea	Base Rate	3.25	08-Sep-11	No change	13-Oct-11
Malaysia	O/N Policy Rate	3.00	08-Sep-11	No change	11-Nov-11
Thailand	1D Repo	3.50	24-Aug-11	Raise 25bps	19-Oct-11
India	Reverse repo rate	8.25	16-Sep-11	Raise 25bps	25-Oct-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	20-Sep-11	No change	Oct-11
South Africa	Repo rate	5.50	22-Sep-11	No change	10-Nov-11
Kenya	Central Bank Rate	11.00	05-Oct-11	Raise 400 bps	Nov-11
Nigeria	Monetary Policy Rate	12.00	10-Oct-11	Raise 275 bps	Nov-11
Ghana	Prime Rate	13.00	20-Sep-11	No change	Nov-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	26-Aug-11	No change	14-Oct-11
Brazil	Selic Rate	12.00	31-Aug-11	Cut 50bps	19-Oct-11
Armenia	Refi Rate	8.00	06-Sep-11	Cut 50bps	N/A
Romania	Policy Rate	6.25	01-Sep-11	No change	N/A
Bulgaria	Base Interest	0.20	01-Oct-11	Raise 2 bps	N/A
Kazakhstan	Refi Rate	7.50	01-Oct-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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