



## COUNTRY RISK WEEKLY BULLETIN

## NEWS HEADLINES

## WORLD

**Commercial real estate investments up 43% to \$208bn in first 9 months of 2011**

Jones Lang LaSalle indicated that global direct commercial real estate transactions totaled \$99bn in the third quarter of 2011, constituting a growth of 36% from the same quarter last year. It said that investments in Europe totaled \$41bn in the third quarter, a rise of 14% quarter-on-quarter and 38% year-on-year; while transactions in the Americas totaled \$38bn and dropped by 22% quarter-on-quarter but grew by 60% year-on-year. Also, transaction volumes in Asia Pacific reached \$20bn in the third quarter, increasing by 8% from the previous quarter and growing by 3% from the same quarter of 2010. In parallel, Jones Lang LaSalle estimated that aggregate real estate investments reached \$297bn in the first nine months of 2011, up 42.8% from \$208bn in the same period last year. It considered that real estate fundamentals remain relatively strong and that the asset class has gained favor compared to equities and bonds. It said that the market remains sentiment-driven, resulting in delays in closing deals and volatility in transaction volumes quarter-on-quarter. It projected global direct real estate investment to reach \$440bn in 2011, but expected a possible downside of up to 10% in the context of the sovereign debt crisis and wider economic growth concerns.

Source: Jones Lang LaSalle

## EMERGING MARKETS

**Speculative-grade ratings at 55.8% of total ratings at end-June**

Standard & Poor's indicated that 558 corporate entities in emerging markets are rated investment grade and 707 entities are rated speculative grade as of end-June 30. It said the proportion of speculative-grade ratings in the region increased to 55.8% at end-June from 53.6% a year earlier. In comparison, the share of global corporate speculative grade ratings increased to 44.1% at the end of June 2011 from 41.6% a year earlier. The agency noted that the median rating in emerging economies is 'BB+' compared to the global median of 'BBB'. It added that non-financial entities account for 56.4% of issuers and for 65.3% of speculative grade-rated issuers in emerging markets, while financial issuers represent 55% of investment-grade companies in the region. The ratings distribution of emerging market issuers show that the 'BBB' range account for 28.5% of total rated issuers, followed by 'BB' with 28%, 'B' with 26.2%, the 'A' range with 13.5%, 'CCC' and lower with 1.8%, 'AA' with 1.5% and 'AAA' with 0.6%. In comparison, the ratings distribution of global issuers shows that the 'B' range accounts for 26.3% total rated issuers around the world, followed by the 'B' range with 24.8%, the 'A' range with 23%, 'BB' with 17%, 'AA' with 5.6%, 'CCC' and lower with 2.2%, and 'AAA' with 0.9%.

Source: Standard & Poor's

## MENA

**Cost of Arab Spring at \$56bn**

Geopolicity, an independent research and consultancy firm, estimated the total cost of the Arab Spring on Bahrain, Egypt, Tunisia, Syria and Yemen at \$55.8bn in 2011, with \$20.6bn in GDP losses and \$35.3bn in costs to public finances. It estimated Libya's output loss at \$7.7bn, followed by Syria at \$6.1bn, Egypt at \$4.3bn, Tunisia at \$2bn, Bahrain at \$0.4bn and Yemen at \$0.1bn. Further, it estimated that Syria has incurred \$21.2bn in public finance losses, followed by Libya with \$6.5bn, Egypt with \$5.5bn, Yemen with \$0.9bn, Bahrain with \$0.7bn and Tunisia with \$0.5bn. In parallel, the overall cost of the Arab Spring of Syria is equivalent to 27.3% of estimated GDP, followed by Libya with 14.2% of GDP, Egypt with 9.8% of GDP, Tunisia with 2.5% of GDP, Bahrain with 1.1% of GDP and Yemen with 1% of GDP. It added, however, that the overall economic impact of the Arab Spring has been mixed, as wealthy hydrocarbon exporters such as Saudi Arabia, Qatar, Kuwait and the UAE saw significant increases in GDP over the same period. It noted that these countries have avoided major internal protest and their economies are more progressive and growth oriented. It considered that oil exporters, other than Libya and Yemen, are the winners; while oil importers have been the losers.

Source: Geopolicity, Byblos Research

**Pace of reforms slows down**

The World Bank/International Finance Corporation's Ease of Doing Business survey for 2012 indicated that the MENA region continues to be active in terms of reducing the regulatory obstacles to doing business. The survey said that 11 out of 18 economies in the region implemented business reforms in the covered period. It recorded 18 reforms between June 2010 and June 2011 that make it easier to do business in the region, down from 22 regional reforms during the previous year. Saudi Arabia was the top ranked Arab economy, coming in 12th place worldwide. It was followed by the UAE in 33rd place, Qatar (36th), Bahrain (38th) and Tunisia (46th) as the top 5 ranked Arab countries. The lowest ranked Arab economies were Syria in 134th place, Sudan (135th), Algeria (148th), Iraq (164th) and Djibouti (170th). The rankings of 6 countries in the region improved, 12 declined and one was unchanged in this year's survey. Morocco rose by 21 spots, the highest improvement regionally and globally, while Tunisia regressed by 6 spots, posting the steepest decline in the region year-on-year. The survey indicated that none of the countries in the Middle East ranked among the top 10 economies in the world that reformed their business regulations. The survey noted that the region's most popular areas for reforms were starting a business, with 6 economies making improvements in the category, and getting credit as 4 economies implemented related reforms.

Source: World Bank, International Finance Corporation

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# OUTLOOK

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## WORLD

### **Global trade to reach \$52 trillion in 2015, Emerging Asia to become largest trading bloc**

Citigroup expected world trade in goods & services to expand at an average rate of 6.1% per year between 2010 and 2030 and by 4.4% annually between 2030 and 2050, compared to a yearly growth rate of 5.4% between 1990 and 2010. It estimated that world trade grew by 6.1% annually between 1960 and 2010 and 4.1% per year between 1980 and 2010. It projected world trade to rise from \$37 trillion in 2010 to \$52 trillion in 2015, \$70 trillion in 2020, \$122 trillion in 2030, \$197 trillion in 2040 and \$287 trillion in 2050. It also forecast world trade to be equivalent to 76% of world GDP in 2030 relative to 61% of global GDP in 2010 and 39% of world GDP in 1990. It attributed the anticipated growth in cross-border trade to GDP growth, rise in per capita income, and the reduction of man-made and natural trade barriers such as transportation costs, tariffs and non-tariff trade barriers. It also considered that the globalization and regionalization of supply chains and the emergence of new trading hubs will play a bigger role in this wave of globalization.

In parallel, Citigroup expected Emerging Asia to overtake Western Europe as the world's largest trading region by 2015, as it forecast Emerging Asia to account for 30% of global trade in 2030 and for 38% in 2050, up from 17% in 2010; and for Europe's share to decline from 34% in 2010 to 21% in 2030 and 17% in 2050. It also projected intra-emerging markets trade to grow from 13% of world trade in 2010 to 27% in 2030 and 38% in 2050; while it forecast intra-advanced economies trade to shrink from 43% of global trade in 2010 to 23% in 2030 and 15% in 2050. In parallel, it expected trade between emerging markets and advanced economies to account for 50% of global trade in 2030 and 47% in 2050.

*Source: Citigroup*

## AFRICA

### **Global slowdown to put fiscal and external pressures on Sub-Saharan Africa**

Standard & Poor's indicated that the economies of Sub-Saharan Africa (SSA) might face economic, external, and fiscal pressures as a result of the global growth picture, even though they have been growing solidly since the global economic downturn of 2008 and 2009. It expected that a sharp correction of global commodity prices would negatively affect countries that rely heavily on commodity exports and commodity-related fiscal revenues. It noted that the recent increase in oil-related fiscal revenues was mainly accompanied by a higher increase in spending, which would put pressure on fiscal balances if price shocks occur. It added that current account balances could also be affected if remittance inflows falter, but noted that this had only mild effects on African economies during the last downturn. Also, it expressed concerns that a drop in global risk appetite could erode the confidence that foreign investors have shown in SSA markets since 2009. As such, it considered that this could lead to a decrease in foreign direct investment inflows and in portfolio inflows, although the latter are significant mostly in South Africa and Nigeria. Further, S&P said that budgetary pressures in Europe and the U.S., combined with concerns

about governance issues and slow progress on development reforms, could also slow aid flows that are critical to sustain public investment in many countries. It added that monetary policy challenges have increased in some countries in the region, and expected high inflation rates and quick bouts of currency depreciation in these economies.

In parallel, S&P highlighted the risk that governments may respond to social demands with populist or financially unsustainable policies, or fail to implement unpopular policies that could benefit long-term development. It added that extensive public investment programs and ongoing weaknesses in fiscal revenue mobilization have kept fiscal deficits relatively high in some economies. As such, it expected the general government debt-to-GDP ratios for several SSA sovereigns to be higher in 2011 than they were in 2009. However, it said that solid economic growth, ongoing donor assistance, and the improvements made in fiscal management should limit negative pressures.

*Source: Standard & Poor's*

## DEM REP CONGO

### **Economic growth to average 6.1% in 2011-12, inflation to decline**

The International Monetary Fund projected the Democratic Republic of Congo's real GDP growth at 6.5% in 2011 and 6% in 2012, compared to 7.2% in 2010. In parallel, it forecast growth at 5.2% in 2011 and 5.8% in 2012 for Sub-Saharan Africa (SSA), and at 5.8% in 2011 and 5.4% in 2012 for the Common Market for Eastern & Southern Africa (COMESA). It forecast the country's annual average inflation rate at 14.8% in 2011, down from 23.5% a year earlier, and compared to average inflation of 8.4% in SSA and 12% in COMESA. It also expected the country's average inflation to decline to 12.5% in 2012 relative to 8.3% for SSA and 15.8% for COMESA. Further, it anticipated broad money to grow by 24.6% this year and 17.5% next year relative to 30.8% last year. It added that claims on the non-financial private sector accounted for 43.8% and 39.8% of broad money in 2009 and 2010, respectively, relative to 52.1% and 51.7% for COMESA.

In parallel, the Fund projected the government's fiscal balance to post a deficit of 16.3% of GDP in 2011 and 14.7% of GDP in 2012, up from 12.9% of GDP in 2010. It estimated public revenues at 20.5% of GDP in 2011 and 20% in 2012, and total expenditures at 37% of GDP in 2011 and 34.6% of GDP in 2012. The IMF added that the country's external debt to official creditors dropped to 30.7% of GDP at end-2010 from 118% of GDP at end-2009 due to debt relief. It estimated total investment at 29.3% of GDP in 2011 and 34% in 2012, up from 27% of GDP in 2010. Further, it projected the country's current account deficit at 11% of GDP in 2011 and 9.5% of GDP in 2012, compared to 13.5% of GDP in 2010. The IMF expected the country's gross official reserves to reach 1.3 months of imports of goods and services at end-2011 and 1.5 months at end-2012, compared to 1.2 months at end-2010.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## EMERGING MARKETS

### EMEA more vulnerable to global downturn

Deutsche Bank indicated that Emerging Europe, the Middle East & Africa (EMEA) region is more vulnerable than other emerging regions to a renewed downturn in core developed markets. It attributed the higher level of vulnerability to the EMEA's smaller and more open markets that have high trade and financial exposures to the euro area and U.S.; its weaker public and private balance sheets, which reduces the scope for policy support in response to a downturn; and to the region's greater reliance on external financing. It added that external balances in the EMEA region have strengthened considerably since the last crisis, as it expected the region's median current deficit to reach about 2% of GDP in 2011 compared to a deficit of 7% of GDP in 2007, and relative to a deterioration of 2% of GDP in 2011 in each of Asia and Latin America. It noted that countries that were running double-digit deficit prior to the 2007-08 crisis have all seen double-digit improvements, with the exception of Egypt and Turkey. It said that stronger current account positions will reduce the need for measures to reduce imports and contain demand in the event of another stop in capital flows. But it cautioned that external vulnerabilities within the EMEA region remain elevated by EM standards. It indicated that the median level of gross external debt is 80% of GDP in EMEA, compared with 28% of GDP in Asia and 24% of GDP in Latin America. It noted that Turkey and Ukraine appear to be the most vulnerable when tested against a period of sustained risk aversion and tighter external financing conditions, given their relatively low starting levels of reserves and high external financing needs.

Source: Deutsche Bank

## GCC

### Region to create 5.7 million jobs in 2010-15

The International Monetary Fund indicated the GCC economies created nearly 7.1 million jobs between 2000 and 2010, of which 6.3 million, or 88.5%, were private sector jobs and 11.5% were public-sector jobs. It noted that 1.8 million jobs, or 25% of all jobs created went to GCC nationals, of which 78% were in the private sector. Saudi Arabia created 2.6 million jobs and accounted for 38% of all jobs created in the 2000-10 period; followed by the UAE with 22% and Qatar with 16% of the total. The Fund projected that GCC economies would create 5.7 million jobs during the 2010-15 period, of which 85% in the private sector and 15% in the public sector. It forecast that 1.6 million jobs, or 27.5% of the total, would go to GCC nationals. It expected Saudi Arabia to create 2,500 jobs over the 2010-15 period, which would account for 44% of newly-created work. It also forecast the UAE and Qatar to account for 18.6% and 15.2%, respectively, of total new jobs during the first half of the current decade. The IMF noted that there could be up to 3 million unemployed GCC citizens in the 2010-15 period despite the rapid pace of job generation. It added that Saudi Arabia needs to post real non-oil GDP growth of 7.5% annually to create 230,000 yearly, which is necessary to reduce the unemployment rate to 5%.

Source: International Monetary Fund

## EGYPT

### Sovereign ratings downgraded on growing risks to macroeconomic stability

Standard & Poor's downgraded Egypt's long-term foreign-currency sovereign credit rating to BB-' from 'BB' and the long-term local-currency rating to 'BB-' from 'BB+' with a 'negative' outlook. It also reduced the transfer and convertibility (T&C) assessment to 'BB-' from 'BB'. It affirmed the short-term foreign and local-currency ratings at 'B'. It attributed the downgrade to growing risks to macroeconomic stability from high fiscal deficits and falling foreign currency reserves, as well as to balance of payments pressure and risks to price stability. It expected the government to continue to run high fiscal deficits of around 8% of GDP during and after the political transition, due to increased spending and a drop in tax revenues, and did not expect any incoming government to materially reduce the fiscal deficit. It added that Egypt's fiscal deficits have contributed to its external financing needs, as net foreign reserves dropped by \$12bn to \$24bn at September 2011 due to a wider current account deficit as well as to capital outflows largely related to a reduction in foreign holdings of government T-bills and foreigners' divestments of portfolio equity. It said that it would lower the ratings either later this year or in 2012 if political turmoil places further pressure on foreign reserves.

Source: Standard & Poor's

## SUDAN

### U.S. lifts ban on food exports

The United States Department of the Treasury's Office of Foreign Assets Control (OFAC) announced that it has issued a General License (GL) that eliminates the one-year OFAC license requirement for food exports to Sudan, which is administered under the Trade Sanctions Reform and Export Enhancement Act of 2000. It said that the new GL authorizes the export and re-export of food products to Sudan and receipt of payment for the exports, as well as certain limited related activities such as making shipping arrangements and obtaining insurance. It noted that the new GL is available only for items that meet the definition of "food," which it defines as items that are intended to be consumed by and provide nutrition to humans or animals in Sudan, including vitamins and minerals, food additives and supplements, and bottled drinking water, as well as seeds that germinate into items that are intended to be consumed by and provide nutrition to humans or animals.

Source: United States Department of the Treasury

### Government negotiating debt relief

The government of Sudan announced that it is negotiating with Germany for debt relief in the form of development projects rather than paying its debt in cash. It noted that Germany is currently considering Sudan's proposals for development projects and added that procedures to write off its debt on the basis of these proposals will begin next year. Sudan's total external debt is estimated at \$37.8bn at end-2010, with over \$30bn in arrears. Sudan owes \$11.2bn to members of the Paris Club, \$13.3bn to non-members of the Paris Club, \$4.5bn to commercial banks and \$1.4bn to international suppliers.

Source: Thomson Reuters



# BANKING

## WORLD

### Credit and debit cards account for 40% of global non-cash payments

The 2011 World Payments Report indicated that the use of credit and debit cards remained the preferred non-cash payment instrument globally and accounted for over 40% of global non-cash payments markets in 2009. It said that the use of payment cards continued to grow in most markets, as it accounted for 64% of non-cash transactions in Mature Asia-Pacific in 2009 compared to 51% in 2001, followed by North America with 59% relative to 38% in 2001, Europe with 39% compared to 28% in 2001, and Brazil, Russia, India and China with 38% in 2009 relative to 14% in 2001. It noted that the average value per card transaction dropped in most markets, indicating a broader use of cards even for lower-value transactions, with the Europe posting the highest average value per card at €52. The survey said the global growth of card usage has coincided with a steady decline in check usage, a slight increase in the number of direct debits across all regions, and minimal change in the use of credit transfers. Check usage accounted for 16% of all non-cash global transactions in 2009, down from 22% in 2005, reflecting a global shift towards electronic payments.

*Source: Capgemini, Royal Bank of Scotland, European Financial Management & Marketing Association*

## SYRIA

### EU imposes sanctions on largest bank

The European Union imposed sanctions on Syria's largest bank, the state-owned Commercial Bank of Syria (CBS), and froze the bank's assets that are under the jurisdiction of the 27-member EU. It attributed the sanctions to the bank's role in providing financial support to the Syrian regime, and added that the sanctions aim to deprive the regime of financial revenues. The CBS is the largest bank in the country and provides financing to state-owned enterprises and other government institutions. Its assets account for about 43% of total sector assets, 33% of aggregate deposits and 34% of overall loans. The CBS becomes the second state-owned bank to be targeted by the EU asset freeze after the Real Estate Bank. Last August, the U.S. Treasury froze the assets under U.S. jurisdiction of the CBS, and prohibited U.S. nationals and institutions from engaging in commercial or financial transactions with the bank. In parallel, the Central Bank of Syria indicated that Syria may start using the Russian ruble for banking transactions if the EU bans the country from using euros for its operations.

*Source: European Union, Bloomberg, Byblos Research*

## EGYPT

### Banks may have to absorb EGP120bn in government securities

Merrill Lynch indicated that Egypt's banking sector could be required to absorb EGP120bn, equivalent to 7.7% of GDP, in additional government securities in fiscal year 2012. It said the government's gross fiscal requirements have increased well above the 20% of GDP average posted during the 2006-08 period. It noted the deficit in FY2011 was largely financed domestically, with the banking sector providing 77% of domestic

financing. It estimated at 4.6% of GDP the increase in the banking sector's holdings of government securities in the first half of FY2011. Further, it said that banks operating in Egypt could bridge the FY2012 public funding gap, but added that this could constrain loans supply. It said that reducing the financing burden on banks in FY2012 to the FY2010 level would require foreign buying of government securities, or \$10bn in external borrowing. It estimated that deposits need to grow by 10% in FY2012 for banks to absorb the expected additional issuance of government securities. It noted that this growth rate would allow for a 2.1% rise in the bank loans.

*Source: Merrill Lynch*

## SAUDI ARABIA

### New system at Central Bank to ease SME financing

The Saudi Arabian Monetary Agency (SAMA) announced the launch of a new system to assess the performance of small- and medium-sized enterprises (SMEs), which would contribute to avoiding the risks associated with their financing. It said that system will remove one of the major obstacles facing the development of SMEs in the Kingdom as it will encourage banks to extend financing to this sector. It considered that the assessment system will help banks to diversify their portfolios, improve risk management, as well to facilitate SME's access to financing. It noted that the system is part of the government's strategy to provide the required support to SMEs given their important role in the economy, especially in creating jobs. There are 8.4 workers on average at private Saudi firms, indicating that about 90% of companies in the Kingdom are SMEs.

*Source: Arab News*

## RUSSIA

### Global uncertainties to increase banks' credit risks

Moody's Investors Service indicated that the deterioration in the global macroeconomic outlook could result in Russian banks incurring heavy losses on securities and loan portfolios. It said that growing uncertainties and risk aversion have already resulted in a gradual slowdown of economic activity in Russia, a drop in domestic stock markets, and downward pressure on the ruble. It noted that a renewed global downturn could lead to a prolonged decline in commodity prices, which would reduce the value of Russian exports and lead to a recession in the domestic economy. It added that depressed earnings would reduce the banking sector's statutory capital adequacy ratio to below 10%, from 16.7% in the first half of 2011. It noted that the consequent effect on liquidity would be significant, requiring the Central Bank of Russia's assistance to stabilize potential market disruption. However, it considered that the Russian monetary authorities are better prepared than in September 2008, which would likely help to contain potential negative effects on the sector. It warned that if such negative developments materialize, they would likely weaken banks' credit profiles and trigger downward rating actions, particularly for banks that are most vulnerable to asset quality and liquidity pressures.

*Source: Moody's Investors Service*



# ENERGY / COMMODITIES

## Oil up to \$109 a barrel on EU debt progress

Oil prices rose after European officials unveiled plans to tackle the euro zone debt crisis through bond buying in the secondary market. Brent crude futures were up 82 cents to \$109.2 a barrel on October 20, while U.S. crude oil futures increased 39 cents to \$86.5 a barrel on the same day. However, global oil demand is expected to decline as concerns over the outlook for the global economy escalate.

In parallel, the International Energy Agency revised downwards its 2011 world demand forecast by 50,000 barrels per day and cut its 2012 expected demand figure by 210,000 barrels per day to 90.5 million barrels per day. Also, crude and oil product stocks fell sharply last week in the U.S., as crude imports reached a 10-month low and refineries cut processing rates.

Source: Fitch Ratings, Thomson Reuters

## Arab Spring disrupts energy investment

The International Energy Agency (IEA) indicated that the Arab Spring disrupted investment plans in oil and gas projects in the Middle East, and expected oil prices to increase in the next five years. It noted the world needs to spend \$38trn to meet projected energy demand up to 2035, up 15% from their 2010 forecast of \$33trn. It added that 90% of the growth in oil production in the next 10 years needs to be pumped from MENA countries.

Source: Thomson Reuters

## U.S. Ex-Im Bank sign \$1.5bn agreement to increase power output in Nigeria

The Export-Import Bank of the United States and the Nigerian Ministry of Power (MOP) signed a Memorandum of Understanding (MOU) aimed at securing up to \$1.5bn of U.S. exports of goods and services that could contribute to a 10-fold increase in power output in Nigeria by 2020. The Bank and the MOP expect that the projects would be structured on an Independent Power Producer basis (IPP), where the sale of power from the IPPs has strong credit support. Nigeria intends to increase power output from the current 4 gigawatts level to 15-20 gigawatts by 2015, and 40 gigawatts by 2020.

Source: Ex-Im Bank

## Angola posts second biggest rise in oil production among OPEC members in September

Angola posted the second highest rise in oil production in September after Libya among Organization of Petroleum Exporting Countries (OPEC). Angola increased its production by 84,000 barrels per day to 1.7 million barrels per day in August and September 2011, of which 0.72 million barrels per day were exported to the Chinese market. OPEC stated that it lowered its estimates for world oil demand this year and in 2012.

Source: Angola Hub

## Base metals: Market sentiment turns higher on confidence in Europe

The base metals complex traded in tight ranges in the past week, where tin was the worst performer, declining by 7% week-on-week. Sentiment slightly improved on better confidence in Europe, pushing global equities higher and the U.S. dollar lower.

Copper prices ranged between \$7,240 a ton and \$7,595 a ton between October 11 and 17, after briefly reaching low levels of \$7,000 a ton in the prior week. Active buying by China in the physical market supported copper prices. Copper stocks fell 3% week-on-week on October 17, while tin reported the sharpest decline of 4% week-on-week, indicating a gradual impact from fewer exports by Indonesian smelters. Also, steel demand in China and emerging markets is expected to grow by 5% to 8% over the medium-term, which will partially offset weaker demand from developed markets, notably from Western Europe and North America.

Source: Standard Chartered, Fitch Ratings

## Precious metals: Investors favor platinum and palladium over gold and silver

Precious metals prices increased in the past week due to improved confidence about Europe. The platinum group metals (PGMs) outperformed other metals due to higher risk appetite, as palladium prices rose 0.6% week-on-week, and platinum prices increased 0.8% week-on-week. Also, gold prices were up 0.2% week-on-week and silver prices declined 1.7% week-on-week. Platinum ETFs rose by 0.4% so far this month, but palladium ETFs declined by 7% in the same period.

In parallel, investors in gold have seen a modest build-up in long positions, helping to support higher prices. While the major physical ETFs were slightly changed in October at 71 million ounces, U.S. net speculative positions rose by 3% week-on-week. Also, gold physical demand rose ahead of the coming season of Diwali in India and the Golden Week holiday in China. Also, premiums in Hong Kong were reported to have reached \$4.5 an ounce during the week.

Source: Standard Chartered

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	13-Oct-11	No change	10-Nov-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	12.50	20-Sep-11	Cut 50bps	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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