

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Finding quality investment opportunities is main challenge of private equity industry**

The 2011 SEI Private Equity Survey indicated that private equity investors and fund managers considered that finding quality investment opportunities constitutes the most pressing challenge facing the private equity industry in the next 12 to 18 months. It noted that almost three out of four investors and consultants polled viewed the poor performance of private equity investments as one of their top 3 concerns, compared to 53% that pointed to failure to achieve primary investment objective and 31% that listed the level of fees. Further, it found that 85% of private equity fund managers think that their investors currently receive all of the information they need, while only 43% of investors and 10% of consultants considered that they receive all of the information they would like from their fund managers. It also noted that fund managers are largely meeting expectations when it comes to more traditional forms of transparency such as information on exposure to sectors, large holdings, geography, and asset classes. But, it said that 75% of investors and consultants would like more information on areas such as the leverage used by their fund. In parallel, the survey indicated that 45% of respondents considered that satisfying investors' expectations poses the single biggest operational challenge for managers, while increasing the firm's efficiency constituted the primary reason for investing in operations in 2011. It noted that large firms tend to be more interested in enhancing their clients' experience and reducing costs, while small firms are more likely to be focused on attracting new investors and reducing operational risks.

*Source: SEI, Greenwich Associates*

#### EMERGING MARKETS

##### **Bond inflows at \$15bn, equity outflows at \$25bn in first 10 months of 2011, AUM at \$933bn**

Capital flows to emerging market equity and bond funds posted net outflows of \$9.7bn in the first 10 months of 2011, with bond inflows at \$14.8bn and equity outflows at \$24.5bn. Emerging Asia accounted for \$5.6bn or 38% of bond inflows, followed by Latin America with \$4.9bn or 33.5%, and Emerging Europe, the Middle East & Africa (EMEA) with \$4.2bn, or 28.4% of the total. Further, Emerging Asia posted \$13.2bn in outflows from equity funds year-to-October, followed by Latin America with \$7.3bn in outflows, and the EMEA region with \$3.9bn in equity outflows. Brazil was the biggest recipient of bond inflows with \$1.75bn, or 11.7% of total inflows into emerging market bonds; while China was the largest source of equity outflows with \$5.5bn during the covered period. Taiwan was the largest recipient of equity inflows with \$702m year-to-October. In parallel, assets under management (AUM) in emerging markets totaled \$933.2bn at the end of October 2011, with bonds accounting for \$200bn and equities for \$733.3bn. The EMEA region had \$77.4bn in AUM in bonds, followed by Latin America with \$68.4bn and Emerging Asia with \$54.1bn. Further, Emerging Asia accounted for \$477bn in equity-related

AUM, followed by Latin America with \$134.9bn and EMEA with \$121.4bn. Mexico had \$23.9bn in bonds-related AUM, or 12% of the total; and China had \$151.5bn in equity-related AUM, or 20.7% of the total.

*Source: Barclays Capital, Byblos Research*

#### MENA

##### **Human development level unchanged in Arab countries**

The United Nations' Human Development Index for 2011 showed that the level of human development in the Arab world was unchanged year-on-year, as the average score of the 19 Arab countries included in the index was 0.641 points, similar to 0.639 points in 2010. The region's average came below the global average of 0.682 points in 2011. The index measures a country's achievements in terms of life expectancy, educational attainment, and adjusted real income. The UAE was the top ranked Arab country and came in 30th place globally among 187 countries. It was followed by Qatar in 37th place, Bahrain (42nd) and Saudi Arabia (56th), while the lowest ranked Arab countries were Iraq, which came in 132nd place worldwide; Yemen (154th), Djibouti (165th), and Sudan (169th). The ranking of only Saudi Arabia improved in the region, while the rankings of eight countries regressed and 10 remained unchanged year-on-year. Also, the United Nations considered that the UAE, Qatar and Bahrain have a 'very high' level of human development, while it placed Saudi Arabia, Kuwait, Libya, Lebanon, Oman and Tunisia among countries with a 'high' level of human development. Further, Jordan, Algeria, Egypt, Palestine, Syria, Morocco and Iraq had a 'medium' level of human development; and Yemen, Djibouti and Sudan came in the 'low' level category.

*Source: UNDP, Byblos Research*

#### GCC

##### **Spending on ICT to reach \$70bn by 2015**

The Kuwait Financial Center projected spending on Information & Communications Technology (ICT) in the Gulf Cooperation Countries (GCC) to reach \$69.6bn at the end of 2015 and to increase at a compound annual growth rate (CAGR) of 4.7% during the 2011-2015 period. It forecast expenditures on ICT at \$57.9bn in 2011, \$60.8bn in 2012, \$63.5bn in 2013 and \$66.5bn in 2014. It expected ICT spending in Saudi Arabia to total \$34.9bn in 2015 and to grow at a CAGR of 4.5% in the 2011-15 period, followed by the UAE with \$13.8bn (4.7%), Qatar with \$11.1bn (6%), Kuwait with \$6.1bn (4.6%), Oman with \$2.6bn (4.3%), and Bahrain with \$1.1bn (5.1%). It said that the ICT sectors constitute an essential factor in projecting the GCC as an increasingly sophisticated region for investors and businesses. But it highlighted a number of regulatory and infrastructure challenges facing the ICT sector in the GCC. It said that the challenges include a lack of independent market regulation, inadequate or dated infrastructure, and bureaucratic issues in the adoption of technology on a governmental scale.

*Source: Kuwait Financial Center*

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# OUTLOOK

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## MENA

### Region to be moderately affected by Euro zone banking problems

Merrill Lynch expected the Middle East & North Africa region to be generally more insulated than other emerging markets to the potential consequences of de-leveraging in Euro zone banking sectors, particularly in the case of the withdrawal of external funding. It said that the MENA region is the only region among Asia, Latin America, Eastern Europe and Africa to run an external creditor position versus Bank of International Settlements reporting banks. It said the region's creditor position is equivalent to 8.9% of GDP compared to a debtor position of -9.3% of GDP debtor position for the EEMEA region. It noted, however, discrepancies across the region with Bahrain running a sizeable negative position of -68% of GDP due to its offshore banking sector and the UAE a moderate one of -2.4% of GDP.

Merrill Lynch indicated that BIS banks reduced their exposure to the MENA region by \$9bn over the first half of 2011. It added that if global funding dislocations persist and deteriorate, they may affect the funding of large domestic infrastructure projects in the region where domestic banks are balance-sheet constrained due to their smaller size. It considered that this does not hold substantial implications at this stage, to the extent that the Euro zone crisis hinders but does not derail global growth. It said that consolidated BIS claims on MENA countries confirm that the highest exposure is in the UAE at 27% of banking liabilities, which is much lower than various EEMEA countries where exposure is around 60% to 80%. It added that Euro zone exposure is highest in Morocco and Tunisia at 23% and 16%, respectively.

*Source: Merrill Lynch*

## EGYPT

### Growth to remain subdued, post-election government to face major policy challenges

The Institute of International Finance projected Egypt's real GDP to contract by 1.4% in 2011 amid ongoing political uncertainty, continued protests, and generally weak global economic conditions. It expected a gradual recovery next year once the November parliamentary elections are held, but it anticipated that the continuing uncertainty over the timing of the presidential elections to weigh on activity. As such, it projected economic activity to recover to only 2% in 2012 as it considered that investment decisions will be put on hold until the formation of a post-election government and the latter's policies are known. It indicated that Egypt faces major policy challenges over the next few years such as maintaining macroeconomic stability, reducing the large budget deficit and tackling structural reforms, along with addressing the social and economic aspirations of its people.

Further, the IIF considered that reducing the fiscal deficit to 8.6% of GDP in fiscal year 2011/12 compared to an estimated deficit of around 9% to 9.5% of GDP in FY2010/11, constitutes an ambitious target given weak economic activity and previous spending commitments on salaries and social benefits. It

expected debt servicing to sharply increase, reflecting both a rise in government debt and higher cost of funding. It added that subsidies are also a major drain on public finances, as they would account for 27% of total spending in FY2011/12. It said that the subsidies will need to be reduced in order to reduce the deficit significantly, and in order to stabilize the public debt-to-GDP ratio, which currently stands at about 75%.

In parallel, the IIF said that the current account deficit narrowed to \$2.8bn, equivalent to 1.2% of GDP, in FY2010/11, due to a reduction in the trade deficit. It noted that a larger surplus in oil and gas has bolstered export earnings, while growth in non-oil imports was adversely impacted by the disruption in trade in the first half of the year. It expected the current account deficit to stay below 1.5% of GDP in FY2011/12 due to firm oil prices and a gradual recovery in tourism. Further, it said that official reserves dropped sharply in the first half of 2011 as FDI was cut back and non-residents reduced their holdings of Treasury bonds and sold equities. But it noted that the external position has stabilized recently and foreign exchange reserves have started to level off. As such, it forecast Egypt's official reserves at \$25bn at the end of June 2012 compared to an estimated \$21.5bn at end-June 2011 and \$32.8bn at end-June 2010.

*Source: Institute of International Finance*

## CÔTE D'IVOIRE

### Economic growth to contract by 5.8% in 2011 and to grow by 8.5% in 2012

The International Monetary Fund projected Côte d'Ivoire's real GDP to contract by 5.8% in 2011 compared to an April forecast of -7.5%, and to grow by 8.5% in 2012. In comparison, 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 estimated the country's annual average inflation rate at 3% in 2011, up from 1.4% a year earlier. It also expected the country's average inflation to decrease to 2.5% in 2012 relative to 8.3% for SSA and 15.8% for COMESA. Further, it anticipated broad money to grow by 6.4% this year and 16.8% next year relative to 18.2% last year.

In parallel, the Fund projected the government's fiscal balance to post a deficit of 6.6% of GDP in 2011 and 4% of GDP in 2012, up from 2.8% of GDP in 2010. It indicated that the country's fiscal program for 2011-12 is realistic in the face of continued large uncertainties, but noted the emergence of new problems as recovery efforts gathered momentum. It expected that the implementation of the authorities' structural reform program would improve the business climate and tax administration, and would create the fiscal space needed to support investment and allow the country renewed access to FDI and other foreign financing over the medium term. Further, it projected Côte d'Ivoire to post a current account surplus of 0.3% of GDP in 2011 and a deficit of 0.4% of GDP in 2012, compared to a surplus of 4.2% of GDP in 2010. The IMF expected the country's gross official reserves to reach 4.9 months of imports of goods & services at end-2011 and 4.7 months at end-2012, compared to 5.1 months at end-2010.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## JORDAN

### Insurance premiums up 7% to \$480m in first 9 months of 2011

Figures issued by the Insurance Commission of Jordan (ICJ) show that gross premiums generated in the local market reached \$479.5m in the first 9 months of 2011, constituting an increase of 6.8% from \$449m in the same period last year. General insurance premiums rose annually by 6.4% to \$433.8m, while life premiums increased year-on-year by 10.2% to \$45.8m. Also, gross paid claims grew by 18% to \$344.6m from \$292.2m in the same period last year. The ICJ indicated that insurance services providers operating in Jordan totaled 852 at end-September, up by 11.5% from the same period last year and included 15 insurance companies and 10 firms providing bancassurance services, as well as 574 insurance agents, 110 insurance brokers, 54 loss adjusters, 26 consultants and 15 actuaries and reinsurance brokers. Also, the commission granted permits to 32 non-resident reinsurance brokers to conduct business in the country.

Source: Insurance Commission of Jordan

## SOUTH SUDAN

### Key challenge is to establish policy framework

The International Monetary Fund indicated that South Sudan has a small window of opportunity to use oil proceeds appropriately as it expected production to drop from a peak of 360,000 barrels per day in 2009 to about 180,000 b/d by 2020, unless new discoveries are made or recovery is improved. It noted that the oil sector currently accounts for around two-thirds of South Sudan's GDP and that oil, which is transported via pipelines through the North, provides 98% of government revenues. It considered that the country's immediate challenge is to establish the credibility of the macroeconomic policy framework, including that of monetary operations. It noted that the South's economic growth prospects depend in large part on increased economic cooperation between the North and the South. It said that the country's per capita income of about \$1,000 is more than twice the average of neighboring countries, but it cautioned that the figure could be misleading as it is a result of the recent increases in oil production. The Fund added that South Sudan is at a very early stage of development, human and physical capital levels are very low, and literacy and road density rates rank below those of neighboring countries; while it has lower scores than most Sub-Saharan African countries on almost all Millennium Development Goals indicators.

Source: International Monetary Fund

## GHANA

### Sovereign ratings affirmed, outlook stable

Standard & Poor's affirmed Ghana's long- and short-term foreign and local currency credit ratings at 'B/B' with a 'stable' outlook. It also affirmed the country's transfer & convertibility assessment at 'B+'. It said that Ghana's ratings are supported by strong GDP growth, the rise of oil production volumes, and a track record of political stability. But it noted that the ratings are constrained by continued weak fiscal management, which has contributed to large fiscal deficits and supplier arrears, as well as by a low level of economic development despite the start of

oil production. It expected Ghana's fiscal deficit to exceed the budget's target of 5.1% of GDP in 2011 and to reach 6% of GDP as the government allocates higher-than-expected revenues to increased spending instead of aiming for a faster reduction of the fiscal deficit or arrears. But it expected oil receipts to improve fiscal flexibility in the medium-term, provided that spending can be contained. Further, S&P expressed concerns about the extent of contingent liabilities that could emerge from state-owned enterprises and the banking sector. In parallel, it expected the current account balance to remain in deficit over the 2011-14 period despite the start of oil production, in part because of oil-industry-related imports. It estimated Ghana's gross external financing needs at 108% of current account revenues and usable reserves in 2011.

Source: Standard & Poor's

## ANGOLA

### Fiscal reforms advance, government settles arrears

The International Monetary Fund approved the payment of about \$134.8m to Angola under the 27-month Stand-by Arrangement (SBA), bringing total disbursements under the program to about \$1.21bn. The IMF approved the SBA arrangement in November 2009. The Fund said that the Angolan authorities managed to contain spending and to improve budget execution. It added that the sustained fiscal adjustment, helped by higher oil prices, has supported reserve accumulation, a stable exchange rate, and a decline in inflation. It noted that the authorities have completed the settlement of the large stock of payment arrears accumulated in 2008 and 2009, a major objective under the program. Further, it said that public financial management and transparency continue to be key priorities for the government going forward. It added that the government has improved its monitoring of oil revenue transfers to the budget, and is in the process of reducing the large unexplained residual in the fiscal accounts and the quasi-fiscal operations of the state oil company. In parallel, the Fund indicated that authorities have made substantial progress on the development of the financial sector. It said that the success of the de-dollarization program will depend on the sustained implementation of sound macroeconomic policies, continued progress in reducing inflation, and efforts to develop capital markets and saving instruments.

Source: International Monetary Fund

## ARMENIA

### Annual inflation at 5.7% in October

The inflation rate in Armenia reached 5.7% in October on an annual basis and 0.3% month-on-month. Inflation was driven by a rise in food prices that grew by 9.3% from October 2010 and increased by 0.3% month-on-month, which led to a 7.5% and a 0.4% rise in overall consumer goods prices, respectively. In comparison, prices of alcoholic beverages and tobacco increased by 1.8% annually and remained unchanged from the previous month, while non-food prices grew by 3.9% year-on-year and by 0.9% from September 2011.

Source: National Statistical Service



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# BANKING

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## WORLD

### Negative rating actions on banks increase in third quarter

Fitch Ratings indicated that it took 37 positive rating actions on banks across the world in the third quarter of 2011, relative to 49 in the second quarter and 34 in the first quarter of the year. In parallel, it took 55 negative rating actions in the third quarter, compared to 48 in the preceding quarter and 77 in the first quarter of the year. Further, there were 70 'negative' outlooks on bank ratings globally in the third quarter of 2011, compared to 59 in the second quarter and 72 in the first quarter of the year. Also, the number of 'positive' outlooks increased to 63 in the third quarter from 52 in the preceding quarter, but marginally decreased from 64 in the first quarter of the year. The agency noted that the global ratio of 'positive' to 'negative' outlooks remained unchanged at -1.1 from the previous quarter, with the ratio for banks in developed markets worsening to -5.7 compared to -4.8 in the preceding quarter, but marginally improving for emerging market banks to +2.8 from +2.7 in the previous quarter. Fitch said that the global ratio of 'positive' to 'negative' actions was -1.5 in the third quarter, down from +1 in the second quarter, but up from -2.3 in the first quarter of the year. The ratio was -4.1 for developed markets banks relative to +1.3 for developing markets banks in the third quarter. It noted that 76.7% of bank outlooks in the world were 'stable', 9.4% were 'negative' and 8.5% were 'positive'.

Source: Fitch Ratings

## BAHRAIN

### Banking system's outlook remains negative

Moody's Investors Service kept the outlook on Bahrain's banking system at 'negative', reflecting the continued challenges facing the kingdom's operating environment after the political unrest earlier this year. It expected the unrest and its ramifications to exert negative pressure on banks' asset-quality, as well as on their growth and profitability. But, it said that the systemic risks would be mitigated by the domestic retail banks' healthy liquidity and relatively strong capital positions. It expected increasing pressure on asset quality, mainly for loans to the tourism and retail sectors that have been severely affected by the political unrest. It also expected the underlying political tensions to hamper private sector investment and to constrain the growth of retail banking. It considered that banks' exposure to real estate will remain the sector's primary asset quality concern over the next 12 to 18 months. It added that the recent events would delay recovery in that sector, which is characterized by oversupply and declining rental and sales prices. As such, it forecast a decline in banks' profitability over the near term due to rising pressures on the sector along with subdued business growth prospects. However, Moody's did not expect asset quality pressures to develop into a systemic threat for the overall Bahraini retail banking sector, mainly because of the sector's relatively strong capitalization that provides substantial loss-absorption capacity. But, it expected wholesale banks to remain exposed to the more challenging market funding environment, while it noted that some smaller banks exhibit very weak asset quality.

Source: Moody's Investors Service

## TURKEY

### Banking sector risk assessment upgraded

Standard & Poor's revised Turkey's Banking Industry Country Assessment (BICRA) to Group '5' from Group '6' and its economic risk score to '6' from '7' while it assigned an industry risk score of '5'. The BICRA framework evaluates and compares global banking systems, and covers a country's rated and unrated financial institutions. It assigns scores to banking systems on a scale from 1 to 10, with Group '1' being the least risky and Group '10' the riskiest. S&P noted that other countries in BICRA's Group '5' include China, India, Poland, Slovenia, Thailand, and the UAE. Further, it indicated that Turkey's economic risk score reflects its "high risks" in economic resilience and economic imbalances, and "intermediate risks" for credit risk. It added that its industry score indicates that the country faces "intermediate risks" in its institutional framework and competitive dynamics, and "high risks" in system-wide funding. In parallel, the agency considered that banks operating in Turkey have adequate lending and underwriting standards, as well as diversified loan books with little exposure to cyclical sectors. But it noted that Turkey's relatively weak legal system and high levels of foreign-currency lending constitute constraining factors. Further, S&P said that the banking sector has largely stabilized, with several large players dominating the market and government-owned banks still accounting for about 25% of the sector. It noted, however, that banks' short-term structure creates asset-liability mismatches despite that banks are mainly funded by customer deposits.

Source: Standard & Poor's

## NIGERIA

### Bank earnings to improve, sector needs to raise capital

Fitch Ratings indicated that the performance of banks operating in Nigeria has been constrained by low credit expansion, subdued revenue growth, and high operating costs despite relatively strong GDP growth in 2010 and 2011. It said that bank results in the first half of 2011 showed a trend of improved and more stable earnings due to significantly lower impairment charges compared with 2009-10 levels. It noted, however, that pre-impairment operating earnings have been mixed, as some banks recovered strongly while others remained under pressure. It added that the results reflect constrained demand after a prolonged period of uncertainty, and expected cost management to become a priority for banks. It said that non-performing loans fell significantly at some banks in the first half of the year, following the second round of NPLs purchases by the Asset Management Corporation of Nigeria. It pointed out that some banks have comfortable levels of loan-loss reserves while others reported loan-loss reserve coverage of 50% to 55% at the end of the June. It considered that such coverage level is low in Nigeria's generally creditor-unfriendly environment. In parallel, it noted that the banks' capital adequacy continues to be eroded by asset growth and low internal capital generation due to generous dividend policies. It considered that banks require higher levels of capital in light of the difficult local operating environment and credit concentrations.

Source: Fitch Ratings



# ENERGY / COMMODITIES

## Brent fell below \$112 a barrel as Italy debt weighs

Brent crude fell 51 cents to \$111.8 a barrel on November 10, after declining \$2.7 to \$112.3 a barrel on November 9, its first fall in five sessions. Also, U.S. crude traded 39 cents lower at \$95.4 a barrel on the same day. Italian 10-year bond yields increased 7%, triggering sharp falls in Asian shares and lifting the dollar against the euro as investors cut holdings in risky assets. Also, Chinese trade data showed resilient domestic demand, helping lift sentiment. China imported 20.80 million tons of crude in October, up 1.7% from September.

The Energy Information Administration stated that crude stock inventories in the United States fell 1.4 million barrels last week on lower imports. It added that distillate stocks, which include heating oil and diesel fuel, fell more than 6 million barrels, while gasoline stocks unexpectedly fell 2.1 million barrels. The market continued to weigh the risk of a supply disruption from Iran, with the possibility of new sanctions against the country.

Source: Thomson Reuters

## OPEC increases its medium-term oil price assumption

The Organization of the Petroleum Exporting Countries (OPEC) announced that it has raised its medium-term oil price assumptions to a range between \$85 and \$95 a barrel for this decade, from a previous forecast of \$75 and \$85 a barrel. It attributed the \$10 a barrel increase to currency movements, higher oil field costs and increased fiscal spending by OPEC members. It said that the previous forecast is no longer sufficient as it is below the break-even price in many OPEC countries.

Source: Dow Jones Newswire

## Iraq oil exports on a downward trend

Iraq oil exports have showed a steady decline in the past four months as they decreased from a year high of 2.27 million barrels per day in June to 2.08 million b/d in October. The decrease is mainly attributed to the fact that the country's oil industry is at capacity, and to bombings of pipelines and oil fields, as well as to maintenance issues. The downward trend in Iraq's oil exports is expected to continue until the industry is renovated.

Source: Kurdistan News Agency

## Energy capital investments at \$525bn in the MENA region

The Arab Petroleum Investment Corporation said that capital investments in the MENA energy sector are projected at \$525bn during the 2012-16 period, with the oil value chain accounting for 42%, the gas value chain for 34% and the remaining 2% representing the oil & gas fuelled power generating sector. The corporation expected investors to face many challenges, such as cost uncertainty and fund accessibility. It added that internal financing is not expected to pose major problems if the value of the OPEC basket of crudes remains above \$90 a barrel.

Source: Arab Petroleum Investment Corporation

## Base metals: Aluminum prices fell 23% since May, smelters incur losses

Aluminum prices fell by 23% to \$2,125 per metric ton on November 9 from end-April 2011. Aluminum prices fell 14% this year, and are expected to trade at between \$2,000 per ton and \$2,350 per ton in the next six months. Also, consumption for aluminum is projected to increase by 7.7% in 2011, compared with 19% in 2010. Further, aluminum producers are contending with rising energy prices, which accounts for 30% to 40% of smelting costs.

In parallel, China is projected to grow by 9% in 2012, and to account for two out of every five tons of global aluminum consumption. Also, aluminum prices averaged \$2,480 per ton in London year-to-date, while prices on the Shanghai Futures Exchange were higher at \$2,679 a ton year-to-date.

Source: Bloomberg

## Precious metals: Prices increase, gold at \$1,760 per ounce

Prices of precious metals continued to increase since late October, with gold closing at \$1,760 an ounce on November 10th. Gold is expected to outperform other precious metals, such as silver, platinum and palladium in the coming months. Silver is projected to underperform gold as its industrial applications and volatility will restrict silver's appeal as a safe haven asset. The outlook for gold is bullish due to uncertainty regarding the Greece bailout package and further signs that monetary policy in developed countries will remain loose in the coming months.

Further, platinum and palladium prices are expected to remain stable in the coming months. Platinum prices increased by 0.25% to \$1,627 per ounce on November 10, while palladium prices rose by 0.15% to \$645.5 per ounce. New passenger car sales reported a decline in all major markets in September 2011, setting the stage for weaker auto sales in the second half of 2011.

Source: Business Monitor International, 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	850
Platinum	1,613	1,766	1,950
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-	B1	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	-	Stable	-	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
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 Stable	-	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	02-Nov-11	No change	13-Dec-11
Eurozone	Refi Rate	1.25	03-Nov-11	Cut 25bps	08-Dec-11
UK	Bank Rate	0.50	06-Oct-11	No change	10-Nov-11
Japan	O/N Call Rate	0-0.10	07-Oct-11	No change	15-Nov-11
Australia	Cash Rate	4.50	01-Nov-11	Cut 25bps	06-Dec-11
New Zealand	Cash Rate	2.50	27-Oct-11	No change	08-Dec-11
Switzerland	3 month Libor target	0.00	15-Sep-11	No change	15-Dec-11
Canada	Overnight rate	1.00	25-Oct-11	No change	06-Dec-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	02-Nov-11	No change	13-Dec-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	19-Oct-11	No change	30-Nov-11
India	Reverse repo rate	8.50	25-Oct-11	Raise 25bps	16-Dec-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	Oct-11	No change	23-Nov-11
South Africa	Repo rate	5.50	22-Sep-11	No change	10-Nov-11
Kenya	Central Bank Rate	16.50	Nov-11	Raise 550 bps	Dec-11
Nigeria	Monetary Policy Rate	12.00	10-Oct-11	Raise 275 bps	22-Nov-11
Ghana	Prime Rate	12.50	Nov-11	No change	Dec-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	14-Oct-11	No change	02-Dec-11
Brazil	Selic Rate	11.50	14-Oct-11	Cut 50bps	30-Nov-11
Armenia	Refi Rate	8.00	08-Nov-11	No change	N/A
Romania	Policy Rate	6.00	03-Nov-11	Cut 25bps	N/A
Bulgaria	Base Interest	0.22	01-Nov-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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