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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate default rate at 1.9% at end-October 2011

Moody's Investors Service indicated that the rate of global speculative-grade corporate defaults reached 1.9% at the end of October 2011 relative to 3.7% a year earlier and 3% at the end of 2010. The agency said the number of defaults stood at 21 in the first 10 months of the year relative to 45 defaults in the same period last year. Moody's said that corporate defaults in Europe are beginning to pick up but they still remain few and far between by historical standards. It forecast the global speculative-grade default rate to reach 1.4% at end-2011 and to rise to 2.2% at end-October 2012. Measured on a dollar volume basis, the global speculative-grade bond default rate reached 1.7% at end-October 2011 compared to 1.6% at end-2010 and 1.4% at end-October 2010. Moody's added that its speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, stood at 29.5% at end-October 2011, up from 10.5% at end-2010 and 14.1% at end-October 2010.

Source: Moody's Investors Service

EMERGING MARKETS

Refinancing requirements of non-financial firms at $1.2 trillion in 2012-15

Moody's Investors Service indicated that refinancing requirements of Investment-grade (IG) non-financial companies in Europe, the Middle East and Africa (EMEA) would exceed $1.2 trillion during the 2012-15 period. It said that the telecommunications, energy and automotive sectors have the largest amount of debt maturing in 2012-15, while banks' debt maturities in the same period accounts for only 32% of the total, reflecting a gradual trend of disintermediation and the increasing use of capital markets. It noted that corporates have increased their reliance on the bond markets to meet their refinancing requirements, as banks focused on rebuilding capital buffers rather than lending. In parallel, Moody's noted that investors' demand for IG corporate debt has decreased slightly so far in 2011. It added that lower issuance since mid-year showed that capital market access is affected by the sovereign debt crisis and weaker macroeconomic conditions in the EMEA region. But it said that larger cash positions constitute a robust insurance policy for many companies, with IG corporate issuers holding more than $690bn in cash as at end-June 2011, up 17% from a year earlier. It noted that most companies have been cautious about the discretionary use of cash and have used periods of favorable market access to extend their debt-maturity profiles. Moody's added that capital markets access, along with large cash positions, may give companies confidence to wait longer and refinance closer to debt maturity dates if market conditions are more challenging in coming quarters.

Source: Moody's Investors Service

MENA

Region's brand perception still worst in the world

The Nation Brand Perception Index showed that the brand perception of the Middle East & North Africa region improved in the third quarter of 2011 from the second quarter of the year, as the average index score of the 20 MENA countries included in the index reached 42 points, up from 39.1 points in the second quarter of 2011. The index analyzes international perceptions of a country's brand. It covers the tone, whether positive or negative, and frequency of mentions in the international media. The survey said the number of times a country is mentioned reflects the strength of the brand, but not necessarily its quality. The MENA region continues to have the worst brand perception in the world, as its score was lower than the global average of 50.3 points, as well as below the average scores of South America (53.6 points), Oceania (53.3 points), the Caribbean (51.8 points), Asia (51.8 points), North America (51.4), Europe (50.3 points), Central America (50.2 points), Africa (49.8 points) and the Commonwealth of Independent States (48.9 points). Kuwait had the best brand perception in the region and ranked in 13th place globally, followed by the UAE, Qatar and Morocco; while Libya, Iraq and Syria were the worst perceived countries in the region, ranking in the 231st, 232nd and 235th place worldwide, respectively. The scores of 13 MENA countries improved and 7 regressed, while the intra-regional rankings of 7 countries improved, 8 regressed, and 5 remained unchanged. Israel posted the worst decline in the regional scores and fell by 6.1 points quarter-to-quarter.

Source: East West Communications, Byblos Research

Vast disparities in region's prosperity levels

The Legatum Institute included 12 Arab countries in its Prosperity Index for 2011, as the UAE was the highest ranked Arab country and came in 27th place globally among 110 countries. It was followed by Kuwait (35th), Saudi Arabia (49th), Tunisia (54th), Jordan (65th), Morocco (71st), Syria (81st), Lebanon (82nd), Algeria (88th), Egypt (89th), Sudan (105th) and Yemen (106th). The index uses a holistic definition of prosperity to include both material wealth and quality of life. It finds that the most prosperous nations in the world are not necessarily those that have only a high level of GDP, but are those that also have healthy and free citizens. The rankings of four Arab countries improved, six declined and two remained unchanged year-on-year. The UAE ranked first on the Economy, Entrepreneurship & Opportunity, Governance, Education, Health, Safety & Security, and Personal Freedom sub-indices; while Morocco ranked first on the Social Capital sub-index. The survey noted vast disparities in the prosperity levels across the region in 2011, adding that the Arab world's overall prosperity is restrained by persistently low scores on the Personal Freedom and the Governance sub-indices. Further, the survey indicated that one Arab country has a high level of prosperity, five states have an average prosperity level, and six countries have a weak level of prosperity.

Source: Legatum Institute, Byblos Research

OUTLOOK

JORDAN

External shocks to continue affecting economic growth prospects

The Institute of International Finance projected Jordan's economic growth at 2.6% in 2011, constituting a slight improvement from growth of 2.3% in 2010 but a significant drop from an average growth rate of 6.6% during the 2000-08 period. It said that Jordan's economy has slowed down, after having recovered towards the end of last year, due to the prevailing instability in the region and weak economic conditions. It said the prevailing circumstances led to a decline in tourism receipts, FDI flows and remittances. It added that the economic slowdown reflects the deterioration in the business environment, poor performance of the construction sector, and a drop in Jordan's exports. It projected real GDP growth to increase to 3.2% in 2012. Further, it noted that inflation in Jordan has been stable and projected it to average 4.8% in 2011 and 4.9% in 2012.

In parallel, the IIF indicated that the budget deficit has consistently posed a challenge for Jordan, making the country chronically dependent on foreign grants. It said that the Arab uprisings exacerbated Jordan's fiscal situation and made it face conflicting objectives. It noted that the government is trying to reconcile the rise in social transfers, benefits and tax cuts that increase current expenditures and reduce revenues; along with its long-pursued fiscal consolidation program to bring its deficit and debt ratios under control. As such, it expected the overall fiscal deficit, including grants, to widen to 5.7% of GDP in 2011 compared to 5.6% of GDP in 2010, but to narrow to 4.6% of GDP in 2012. It projected the deficit, excluding grants, to rise sharply to around 14.7% of GDP in 2011 and to 10% of GDP in 2012 relative to 7.7% of GDP in 2010.

The IIF projected Jordan's current account deficit to widen to 8.6% of GDP in 2011 from 5% of GDP in 2010, and to narrow to 7.6% of GDP in 2012. It said that the decline in FDI flows, remittances and tourism, along with the widening current account deficit in a pegged exchange rate regime, has led to a decline in foreign exchange reserves. It noted that Jordan's foreign exchange reserves stood at $12.5bn at the end of August, up from $11.7bn at the end of June, but down from $13.1bn at end-2010. It attributed this recovery to an exceptional grant of $1.4bn from Saudi Arabia intended mostly for budget support.
Source: Institute of International Finance

LIBYA

Public spending projected at $175bn between 2012 and 2015

The Institute of International Finance projected economic growth in Libya to contract by 53% in 2011, with hydrocarbon output shrinking by 70% and non-hydrocarbon sector activity contracting by 40.5%. It attributed the significant contraction in real GDP to a sharp decrease in oil production and in non-hydrocarbon sector activity. Further, it projected overall real GDP to rebound sharply to 40% in 2012 driven by the expected doubling of crude oil production from an average annual production to 0.85 million b/d in 2012. But it said that the rebound in growth is subject to the restoration of adequate security, proper functioning of public services, and access to frozen foreign assets. It added that the pace of the recovery could be slower if internal political tensions delay the rehabilitation of the energy sector and oil export earnings; and if the assets that are unfrozen turn out to be lower than projected. It expected activity in the non-hydrocarbon sector to recover to 17% in 2012, mainly driven by reconstruction activities in energy, infrastructure, housing, utilities, and trade. It noted that the recovery of non-hydrocarbon GDP to its pre-war level will be longer than that of the hydrocarbon sector, partly due to lingering political and security problems and issues of absorption capacity.

In parallel, the IIF indicated that the eight-month war resulted in large budget and current accounts deficits, halted foreign trade and paralyzed the labor market. It expected government spending in 2011 to amount to less than half of the spending in the previous year, and to be essentially limited to wage payments as well as to financing the import bill. But it anticipated the government's spending over the medium term to be directed at restoring infrastructure capacity to the levels prevalent in 2010 and to increasing public wages and employment. As such, it estimated public spending at $175bn in the 2012-15 period. It considered that the gradual recovery of crude oil production and average oil prices of $97 per barrel in 2012 would generate enough revenues to finance the large increase in public spending beyond 2012. As such, it projected the fiscal balance to shift from a deficit of 5.4% of GDP in 2011 to surpluses of 9.1% in 2013 and 8.6% in 2014.
Source: Institute of International Finance

NIGERIA

Non-oil growth to average 6.8% in 2011-12, fiscal balance to return to slight surplus

The International Monetary Fund projected Nigeria's real GDP growth at 6.9% in 2011 and 6.6% in 2012, down from 8.7% in 2010. In parallel, it forecast growth of 5.2% in 2011 and 5.8% in 2012 in Sub-Saharan Africa and of 5.9% in 2011 and 7% in 2012 for the region's oil exporting countries. It expected the country's real non-oil GDP to grow by 7.6% in 2011 and 7.4% in 2012, down from 8.4% in 2010, and relative to a growth rate of 7.5% in oil exporting countries this year and next year. The Fund forecast Nigeria's annual average inflation rate at 10.6% in 2011 and 9% in 2012, relative to 13.7% a year earlier and compared to average inflation of 10% in 2011 and 9% in 2012 for oil exporting economies. Also, it estimated the growth of broad money at 13.2% this year and 16.1% next year compared to 7% last year. The Fund forecast the central government's fiscal balance to post a surplus of 0.4% of GDP in 2011 and 2.2% of GDP in 2012, compared to a deficit of 8.5% of GDP in 2010. It estimated public revenues at 29.4% of GDP in 2011 and 28.5% of GDP in 2012, and total expenditures at 29% of GDP in 2011 and 26.2% of GDP in 2012.

The IMF projected total investment at 23.5% of GDP in 2011 and 23.8% of GDP in 2012, down from 24.1% of GDP in 2010. Further, it expected the country's current account to post a surplus of 13.5% of GDP in 2011 and 11% of GDP in 2012, up from 8.4% of GDP in 2010. In comparison, it forecast the

GCC

Retail sales to reach $240bn in 2015

Alpen Capital projected retail sales in the Gulf Cooperation Council (GCC) countries to reach $240.3bn in 2015, of which $122.2bn in non-food retail sales and $118.1bn in food retail sales. It also forecast aggregate retail sales in the GCC at $177.4bn in 2011, $205.3bn in 2013 relative to $161.6bn in 2010, and expected sales to expand at a compound annual growth rate (CAGR) of 9.3% during the 2010-15 period. It projected retail sales in Saudi Arabia to post a CAGR of 9.4% during the 2011-15 period, followed by the UAE at 7.9%, Qatar at 7.7%, Kuwait and Oman at 6.8% each, and Bahrain at 4.7%. It also expected food retail sales to grow at a CAGR of 9.7% during the 2010-15 period and for non-food retail sales to expand annually by 6.9% during the same period. Further, it projected non-food retail sales to account for about 51% of total retail sales in 2015 compared to 54.1% in 2010. It said that favorable demographics, growing wealth, and booming tourism constitute the key drivers of retail sales. But it noted that increased competitive forces, staffing issues, tightening of credit card lending, and potential increase in rental overheads may pose challenges for GCC retailers. It expected retail sales in the GCC to account for 1.1% of the global retail industry in 2015, unchanged from 2010.

Source: Alpen Capital

SYRIA

EIB freezes loan agreements

The European Union prohibited the European Investment Bank from making any disbursement or payment under, or in connection with, existing loan agreements with Syria, and suspended all existing Technical Assistance Service Contracts for sovereign projects located in Syria. The EU attributed its latest round of sanctions to the continued repression of the civilian population by the regime. It added that it will continue to impose additional and more comprehensive measures against the regime as long as the repression of the civilian population continues. Last October, the EU imposed sanctions on Syria's largest bank, the state-owned Commercial Bank of Syria, 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 EU is the largest donor to Syria when including contributions from EU states and the European Investment Bank, as aggregate support reaches about €210m per year in grants and loans.

Source: European Union

ARMENIA

Level of human development unchanged

The United Nations' 2011 Human Development Index ranked Armenia in 86th place among 187 countries worldwide and in sixth place among 12 Commonwealth of Independent States (CIS), unchanged from the 2010 index. Also, Armenia ranked in 23rd place among 30 countries in Europe and Central Asia (ECA). The index measures a country's achievements in terms of life expectancy, educational attainment, and adjusted real income. Worldwide, Armenia was considered to have a 'high-level' of human development. Globally, Armenia ranked ahead of Colombia and Iran and came behind Brazil and Saint Vincent & the Grenadines, while it ranked ahead of Turkmenistan and Moldova and behind Ukraine and Georgia in the CIS. Also, Armenia came ahead of Azerbaijan and Turkey and behind Macedonia and Ukraine among ECA countries. Armenia received a score of 0.716 points, up from 0.714 points in 2010 and above the global average of 0.682 points, but lower than the ECA average of 0.751 points. Figures on individual components of the index such as life expectancy and mean years of schooling show that Armenia's results per category continue to be higher than the corresponding averages of ECA countries and on a global basis. However, Armenia's performance on the expected years of schooling was lower than that of ECA countries but better than the global performance. In parallel, Armenia ranked in 60th place among 146 countries on the Gender Inequality Index (GII), which measures gender-based disadvantages in reproductive health, empowerment and the labor market.

Source: UNDP, Byblos Research

CÔTE D'IVOIRE

Paris Club restructures $1.82bn in debt

Côte d'Ivoire reached a debt restructuring plan with the Paris Club of sovereign creditors that would reduce the country's debt service payments and arrears due between July 2011 and June 2014 by more than 78%. The Club added that the arrangement covers $1.82bn in debt, of which $397m were cancelled. The Paris Club indicated that the agreement was concluded under the "Cologne terms" designed by the Club for the implementation of interim debt relief under the Highly Indebted Poor Countries initiative. Under the Cologne terms, credits granted under Official Development Assistance conditions before the cut-off date are to be repaid over 40 years with a 16-year grace period and at interest rates that are at least as favorable as the original concessional rates applied to those loans. The deal saw 90% of commercial credits cancelled and the remaining amount rescheduled over 23 years, with a 6-year grace period.

In parallel, the Paris Club said that the Ivorian government has committed to devote the resources that otherwise would have gone to creditors creditors to priority areas identified in the country's Poverty Reduction Strategy. It added that the government has committed to seek comparable treatment from its private and non-Paris Club bilateral creditors. It noted that the implementation of the reforms program should allow Côte d'Ivoire to reach the completion point of the enhanced HIPC initiative as soon as possible, and obtain the final component of relief on its debt by Paris Club creditors. Côte d'Ivoire ows about $7.2bn to member-countries of the Paris Club.

Source: Club de Paris

BANKING

GCC

Bank profits up 19% in first 9 months of 2011

The aggregate net profits of GCC banks reached $16.7bn in the first 9 months of 2011, constituting an increase of 19% from the same period last year. Banks in Saudi Arabia posted net profits of $6.4bn during the covered period and accounted for 38.3% of the GCC total. They were followed by banks in Abu Dhabi with $3.5bn in net income, or 21% of the total; the Qatari banking sector with $3.1bn, or 18.5% of the total; Kuwaiti banks with $1.6bn (9.7%), banks in Dubai with $1.3bn (7.6%), banks in Bahrain with $417m (2.5%) and those in Oman with $407m (2.4%). In parallel, the net income of banks operating in Abu Dhabi increased by 28.5% year-on-year in the first 9 months of 2011, followed by Qatari banks with a rise of 21.8%, banks in Saudi Arabia with a growth of 19%, banks in Dubai with an increase of 11.3%, the Kuwaiti banking sector with a rise of 7.2%, the Bahraini banking system with a growth of 6.1%, and banks operating in Oman with an increase of 3.8%.

Source: KAMCO

EGYPT

Economic deterioration to impact banking sector

Standard & Poor's maintained Egypt's Banking Industry Country Assessment (BICRA) at Group '8' and its economic risk score at '8', and assigned an industry risk score of '7'. 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 one to 10, with 'Group 1' including the least risky banking sectors and 'Group 10' the riskiest ones. S&P noted that other countries in BICRA's 'Group 8' include Argentina, Bolivia, Kazakhstan, Lebanon, Nigeria, and Tunisia. Further, it indicated that Egypt's economic risk score reflects its "very high risks" in economic resilience and credit risk in the economy, and its "high risks" in economic imbalances. It added that its industry score indicates that the country faces "very high risks" in its institutional framework, "high risks" in its competitive dynamics, and "intermediate risks" in system-wide funding. In parallel, the agency considered that the operating environment constitutes the main risk facing banks in Egypt. It anticipated that the economic deterioration will weigh down on the banking sector by increasing credit costs. Further, the agency considered that banks operating in Egypt have structural credit exposures to cyclical or vulnerable sectors. It added that the legal system and payment culture do not support banking activities.

Source: Standard & Poor's

KUWAIT

Loan growth still sluggish

Figures issued by the Central Bank of Kuwait show that total assets of commercial banks reached KD 42.9bn at the end of September 2011, constituting a 3.8% rise from end-2010 and a 4.4% increase from end-September 2010. Lending to the private sector reached KD 25.4bn, up by 0.5% from the previous month, constituting the highest monthly growth so far this year, driven by the industry, trade and retail segments. Annual lending growth continued to be sluggish at 1.4% year-on-year, due in part to limited progress in the implementation of the large investment projects announced by the government. Corporate lending grew by 0.6% month-on-month and by 2% year-on-year while retail lending, which accounts for 34% of the loan book, posted an annual growth of 4% and a 1.4% monthly increase. Also, customer deposits totaled KD 29.9bn at end-September, up 1.8% from the previous month and by 5.8% year-on-year, driven primarily by private sector deposits. The loans-to-deposits ratio was 85% at end-September, close to its lowest level in the past three years and relative to 88.7% a year earlier.

Source: Central Bank of Kuwait, EFG Hermes

TURKEY

Banks remain sound despite uncertain operating environment

Fitch Ratings indicated that the credit profiles of banks operating in Turkey remain sound despite considerable market and regulatory challenges. It considered that a critical deterioration in asset quality is unlikely due to still moderate corporate and household leverage, sound credit underwriting, the absence of asset price bubbles, and still positive economic growth. It said that rapid credit growth has created risk management challenges, and led to a decline of previously very strong capital and funding ratios. But it noted that underwriting standards have generally remained robust and that leverage in the system is still contained. It added that Turkish banks are trying to adapt to a leaner operating environment due to lower, interest rates and more rigorous regulatory oversight. It pointed out that margin compression, competition for profitable consumer and small- and medium-sized business, and lower yields on Turkish government securities have all combined to worsen operating conditions for banks. But it noted that banks' performance is still solid due to low impairment charges, tight cost controls, and the short-term nature of lending.

Source: Fitch Ratings

INDIA

Banking sector's outlook changed to negative on challenging operating environment

Fitch Ratings revised its outlook for India's banking sector to 'negative' from 'stable' due to concerns that an increasingly challenging operating environment will adversely affect asset quality, capitalization and profitability. It said that India's economic momentum is slowing because of high inflation, monetary tightening, and rapidly rising interest rates. It added that concerns have emerged over the sustainability of the recovery in the US and Europe, and over the rise in the borrowing program of the Indian government, which could drain funds away from the private credit market. It expected asset quality to deteriorate over the next 12 to 18 months given the tightening environment, which would lead to an increase in provisioning needs for the banks in FY2012 and FY2013. It also projected lending growth to fall to 16% in FY2012 and 18% in FY2013, from 21% in FY2011. Further, it expected profitability to come under pressure due to lower interest margins. But it said that a stable customer deposit base and high level of government securities holdings provide Indian banks with a buffer against destabilizing shocks.

Source: Fitch Ratings

ENERGY / COMMODITIES

Brent below $112, extends losses on Europe's debt problems

Brent crude prices declined 29 cents to $111.6 a barrel on November 17, recovering some losses after falling as low as $110.6 a barrel in the previous session on Europe's debt crisis. U.S. crude rose 6 cents to $102.7 a barrel, extending gains after the contract increased more than $3 in the previous session in the most active trading since Libya's unrest in February. Also, prices were supported by data from the United States showing a decline in crude oil inventories.

Further, the U.S. dollar gained 0.13% against a basket of currencies on November 17, while the euro declined to a five-week low. The spread between the U.S. benchmark and the European benchmark for brent prices is expected at between $5 a barrel and $6 a barrel by the end of 2011, after reaching $28 a barrel in October.
Source: Thomson Reuters

Angola passes law that forces oil firms to use local banks

Angola's parliament approved a law on November 10 that forces overseas oil companies to pay their taxes and other transactions through the country's banking system. The country's main banks, which include state-owned Banco Africano de Investimento and local units of Portugal's Banco Espirito Santo and Banco BPI, are expected to get a boost of about $10bn each year. Angola's economy relies heavily on oil revenues, which make up around 45% of GDP and over 90% of export receipts.
Source: Thomson Reuters

Iraq to sign $17bn gas deal with Shell

Iraq plans to sign an agreement on November 24 with Royal Dutch Shell and partner Mitsubishi for a $17bn deal to capture gas, which is currently flared off in oilfields around Basra. The deal is expected to help Iraq use more than 700 million cubic feet per day of gas. The agreement stipulates the formation of the Basra Gas Company, a joint venture in which the state-owned South Gas Company holds a 51% stake, Shell holds a 44% share and Mitsubishi a 5% stake. The 25-year deal will include an LNG export facility with a maximum capacity of 600 million cubic feet of gas per day once Iraq's own domestic gas needs are met.
Source: Thomson Reuters

Power and water projects in GCC countries at $32bn in 2012

A total of 44 power and water projects valued at $32bn are under construction or will begin construction in 2012 in GCC countries. The UAE leads with 11 projects valued at $10bn, followed by Saudi Arabia with 11 projects valued at $8.6bn. Also, Bahrain's projects are valued at $4.1bn, Kuwait's projects at $3.4bn, Qatar's projects at $3.3bn, and Oman's projects at $2.5bn. The largest of the projects is a $151m deal that will channel water from Dams to Al-Shoaibah plant in Jeddah.
Source: Ventures Middle East

Base metals: Aluminum and lead outperform, support coming from China

Prices of aluminum and lead outperformed other precious metals and each rose by 2% week-on-week on November 15, while nickel prices dropped nearly 5% week-on-week due to lower demand. Prices are expected to remain vulnerable to any major shift in sentiment about Europe. Also, copper prices were little changed week-on-week, falling slightly by 0.8% to $7,724 per ton on November 14th.

In parallel, Chinese trade data for base metals released last week showed continued strength in copper and higher consumption for aluminum until October. Production of fabricated copper and aluminum in China rose 22% and 19% year-on-year, respectively, in October. Further, headline trade data showed that China's imports of copper and copper products rose 40% year-on-year to a 17-month high of 383.5 kilo tons in October. Nickel and zinc are projected to continue to underperform on soft demand, and aluminum and lead to outperform on support from a high cost base and improving demand in China.
Source: Standard Chartered

Precious metals: Prices down after strong gains in October

Prices of all precious metals declined week-on-week, led by a 2.7% decline in silver on November 15th. Gold traded in tight ranges amid a lack of direction from the macroeconomic side, falling by 1% week-on-week to $1,770 per ounce on the same day. Because of its safe-haven qualities, gold continued to outperform other precious metals. Upside risks exist for gold in the near term, particularly after investors increased long positions on the US exchange and ETF reported substantial investor inflows. Silver ETF holdings rose 1% week-on-week, while palladium and platinum ETF holdings remained unchanged week-on-week. Also, physical ETF holdings for gold rose 1% week-on-week to the highest level since late August. Platinum prices are expected to range between $1,450 an ounce and $1,800 an ounce for the next six months, while palladium prices are forecast to range between $500 an ounce and $800 an ounce.
Source: Standard Chartered

Global Commodity Outlook

(3-months LME, $/ton)	2010	2011f	2012f
Aluminum	2,201	2,447	2,450
Copper	7,570	8,952	9,500
Lead	2,172	2,414	2,525
Nickel	21,913	23,315	23,000
Tin	20,448	26,347	27,000
Zinc	2,188	2,234	2,400
(Spot price, $/ounce)			
Gold	1,227	1,588	1,900
Palladium	529	751	850
Platinum	1,613	1,750	1,950
Silver	20	36	40

Source: Standard Chartered

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa													
Algeria	- -	- -	- -	- -	BB Stable	-9.9	16.1	2.9	7.4	2.0	3.2	3.4	1.8
Angola	BB- Stable	Ba3 Stable	BB- Stable	- -	B Negative	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
Egypt	BB- Negative	B1 Negative	BB Negative	BB+ Negative	CCC Stable	-8.2	74.2	14.3	66.5	4.6	88.3	-2.0	3.3
Ethiopia	-	-	-	-	B Stable	-1.5	-	-	257.5	-	-	-3.9	0.3
Ghana	B Stable	- -	B+ Stable	- -	BB Positive	-10.8	-	34.9	50.0	-	-	-11.6	10.9
Ivory Coast	- -	- -	- -	- -	CCC Stable	-0.2	-	50.1	111.2	-	-	6.8	1.8
Libya	BB Negative	- -	B Stable	- -	B Stable	13.3	0	7.2	11.6	3.2	5.1	20.1	2.5
Mauritania	- -	- -	- -	- -	- -	-4.5	88.5	69.8	128.4	-	1,220	-7.6	-1.3
Morocco	BBB- Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-4.5	49.9	24.1	78.4	8.0	110.0	-5.3	0.9
Nigeria	B+ Stable	- -	BB- Stable	- -	B Stable	-7.9	14.1	5.0	14.2	0.7	-	13.0	0
Sudan	- -	- -	- -	- -	C Stable	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
Tunisia	BBB- Negative	Baa3 Negative	BBB- Negative	BBB Stable	B Stable	-2.8	43.0	46.3	101.0	11.7	195.2	-4.4	3.7
Middle East													
Bahrain	BBB Negative	BBa1 Negative	A- Negative	BBB+ Negative	BBB Stable	-5.4	32.8	139.6	170.2	6.8	946.6	5.2	9.9
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	0.4	21.7	5.6	19.9	2.7	21.3	4.2	0.8
Iraq	- -	- -	- -	- -	CCC Stable	-14.2	42.2	41.8	65.4	-	75.3	-14.4	1.4
Jordan	BB Negative	Ba2 Negative	- -	BB Stable	B Stable	-6.3	63.0	19.2	44.8	4.8	48.6	-7.2	9.2
Kuwait	AA Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	17.1	6.5	46.2	72.2	3.7	224.0	30.1	-8.7
Lebanon	B Positive	B1	B Stable	B Stable	CCC Stable	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Negative	A2 -	- -	A Stable	A Stable	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	AA Stable	10.8	27.2	80.6	139.3	10.0	512.3	15.6	5.0
Saudi Arabia	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	BBB Stable	1.9	12.9	22.6	40.5	2.4	22.7	6.7	7.7
Syria	- -	- -	- -	BB- Stable	CCC Stable	-4.3	26.9	14.9	48.0	-	52.9	-3.9	2.7
UAE	- -	Aa2 -	- -	AA- Stable	BB Stable	-2.7	24.7	53.1	57.7	7.3	360.4	5.4	0.6
Yemen	- -	- -	- -	B- Negative	CC Stable	-5.5	45.8	21.4	70.5	-	139.6	-4.9	0.3

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-								
	-	-	Stable	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
Bulgaria	BBB	Baa3	BBB-	-	BB								
	Stable	Stable	Stable	-	Stable	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
Kazakhstan	BBB	Baa2	BBB-	-	BB								
	Stable	-	Stable	-	Stable	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
Romania	BB+	Baa3	BBB-	BBB-	BB								
	Stable	-	Stable	Negative	Stable	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
Russia	BBB	Baa1	BBB	-	BBB								
	Stable	Positive	Stable	-	Stable	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
Turkey	BB	Ba2	BB+	BB	B								
	Positive	Positive	Stable	Stable	Stable	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
Ukraine	B+	B1	B	-	CCC								
	Positive	Positive	Stable	-	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	10-Nov-11	No change	08-Dec-11
Japan	O/N Call Rate	0-0.10	07-Oct-11	No change	16-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
Emerging Markets					
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	11-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	10-Nov-11	No change	Jan-12
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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