

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global mobile subscriptions at 8.4 billion in 2016

Global mobile subscriptions will reach 8.4 billion by 2016, up from an expected 6.1 billion subscriptions at end-2011, constituting a compound annual growth rate of 6% during the 2011-16 period. Global mobile penetration stood at 82% at the end of the third quarter with the total number of mobile subscriptions at around 5.8 billion. But the actual number of subscribers reached around 3.9 billion, as many subscribers have several subscriptions. Western Europe has the highest rate of mobile penetration of 126% and 519 million mobile subscriptions, followed by Central & Eastern Europe with 123% (595 million subscriptions), Latin America 100% (610 million subscriptions), North America 97% (324 million subscriptions), the Middle East 96% (244 million subscriptions), Rest of Asia-Pacific with 82% (1,050 million subscriptions), India with 70% (860 million subscriptions), China with 69% (937 million subscriptions) and Africa with 55% (610 million subscriptions). In parallel, the number of mobile broadband subscriptions is expected to match the number of fixed voice subscriptions by the end of 2011 and is projected to approach 5 billion subscriptions by 2016.

Source: Ericsson

Private equity transparency up since 2008 crisis, challenges to satisfy investors continue

The 2011 SEI Private Equity Survey indicated that almost 70% of private equity investors consider that the level of transparency provided by their fund managers increased since the market decline in 2008, while 59% of managers said they have provided greater transparency. It added that nearly 20% of all investors and consultants pointed out that their private equity investments have become more liquid since 2008 relative to a similar percentage of fund managers that reported efforts at making their vehicles more liquid in order to retain or attract new capital. In parallel, the survey showed that more than 20% of private equity fund managers cited getting investors comfortable with a fund's infrastructure as the single biggest challenge in satisfying clients' requirements, other than delivering the expected returns. But around 30% of managers said other challenges in satisfying investors include convincing investors that a portfolio is making progress despite relatively few exits; trying to convince investors that large funds are not necessarily superior to smaller ones; and persuading them that professional management of private equity investments has value and is worth the cost. It noted, however, that given these challenges, only 50% of managers are investing in their reporting capabilities or in their client service function. Further, the survey indicated that 50% of managers see generalized fear and anxiety as the biggest obstacles to raising capital; while factors that might prevent investors from allocating additional funds to private equity include liquidity concerns, overall risk, performance issues, and high fees.

Source: SEI, Greenwich Associates

EMERGING MARKETS

Islamic banking assets to reach \$1.8 trillion in 2016

Deutsche Bank projected global Islamic banking assets to reach \$1,782bn at the end of 2016 and to increase at a compound annual growth rate of 11.3% during the 2010-16 period. It forecast global Islamic banking assets at \$1,108bn in 2011, \$1,222bn in 2012, \$1,131bn in 2013, \$1,440bn in 2014 and \$1,582bn at end-2015. It attributed the increase in Islamic banking assets worldwide to supportive demographic trends; rising income levels in emerging economies with large Muslim populations; and important progress towards harmonization with global regulation. It added that developed economies' banking systems are under significant strain from deleveraging and sovereign funding problems, which could serve to focus market participants on funding alternatives such as Islamic debt. Further, Deutsche Bank noted that the volatile state of global markets, along with the pressing liquidity needs of many governments and corporations around the world, could lead to a shift towards alternative financing channels such as Islamic bonds or Sukuk. In parallel, it said that progress in product development, coupled with strong demand, would accelerate growth due to pent-up demand in key market segments such as project finance, fund management, trade finance and mortgage finance.

Source: Deutsche Bank

MENA

Equity markets down 15% in first 11 months of 2011

Arab stock markets decreased by 14.8% and GCC equity markets declined by 10.8% in the first 11 months of 2011 compared to increases of 8.2% and 8.3%, respectively, in the same period last year. Activity on the Iraqi stock exchange increased by 26% during the covered period and posted the best performance and the only increase among Arab markets. In parallel, the Damascus financial market dropped by 50.7% in the first 11 months of the year and posted the worst performance among Arab equity markets. It was followed by the Egyptian stock market with a 43.7% retreat, the Beirut Stock Exchange with a 20.6% decrease, the Bahrain bourse with a 19.2% contraction, the Muscat equity market with an 18.8% decline, the Amman exchange with a 17.3% drop, the Kuwait bourse with a 16.5% decrease, the Dubai financial market with a 15.4% downturn, the Casablanca stock market with a 13.5% regression, the Abu Dhabi exchange with a 10% decline, the Tunis exchange with a 7.9% drop, the Saudi equity market with a 7.8% decline, the Palestine equity market with a 3.6% contraction and the Doha stock market with a 1% retreat. In comparison, emerging market equities dropped by 19.7% and global equities declined by 9.4% in the first 11 months of 2011. Arab stock markets regressed by 2.8% in November compared to drops of 12.5% for emerging market equities and 7% for global equities.

Source: Local stock markets, Dow Jones Indexes, Byblos Research

OUTLOOK

EMERGING MARKETS

Remittance inflows to rise by 8% to \$350bn in 2011, Europe & Central Asia see biggest growth

The World Bank projected remittance inflows to developing economies to reach \$351bn in 2011, constituting an increase of 8% from \$325bn in 2010. It also forecast remittances to developing economies to rise by 7.4% to \$377bn in 2012, by 7.7% to \$406bn in 2013, and by 8.6% to \$441bn in 2014. It forecast the global flow of remittances at \$406bn in 2011, up 8.5% from \$374bn in 2010. It expected remittance flows to emerging markets to account for 86% of global remittance flows annually during the 2011-2014 period. It projected inflows to East Asia & Pacific to reach \$101bn in 2011 and to account for 28.8% of total remittances to developing economies, followed by South Asia with \$90bn (25.6%), Latin America & the Caribbean with \$61bn (17.4%), Europe & Central Asia with \$40bn (11.4%), the Middle East & North Africa with \$36bn (10.3%), and Sub-Saharan Africa with \$23bn (6.6%). Also, it forecast the growth rate of remittance inflows to Europe & Central Asia at 11% in 2011, followed by South Asia at 10.1%, East Asia & Pacific at 7.6%, Sub-Saharan Africa at 7.4%, Latin America & the Caribbean at 7%, and the Middle East & North Africa at 2.6%.

The Bank indicated that remittance flows to all six developing regions rose in 2011, constituting the first time all regions post such increases since the global financial crisis. It said that the rise in remittances in 2011 exceeded the Bank's earlier expectations in four regions, mainly in Europe and Central Asia due to higher outward flows from Russia that benefited from high oil prices; and in Sub-Saharan Africa due to strong south-south flows and weaker currencies in some countries that attracted larger remittances. It added, however, that the trend in remittance flows to Latin America & the Caribbean was lower than previously expected due to continuing weakness in the U.S. economy and Spain; while flows to the Middle East and Africa were impacted by the Arab Spring.

In parallel, the World Bank considered that there are significant downside risks to the outlook on remittance flows. It noted that the persistent unemployment in Europe and the U.S. is affecting employment prospects of existing migrants and is hardening political attitudes towards new immigration. It added that volatile exchange rates and uncertainty about the direction of oil prices add further risks to the outlook.

Source: World Bank

Deepening Eurozone crisis and slowing Chinese economy are key threats to growth

Citigroup projected real GDP growth in Emerging Markets (EMs) at just over 5% in 2012 compared to 6% in 2011. It considered that the downside risks to growth in EM economies are mainly the shock to risk appetite that could result from a deeper crisis in the Eurozone and the risks to growth in China. It noted that the risks to Chinese growth are to the downside and are mainly related to the property sector. It added that a number of economies would be directly affected by any slowdown in Chinese growth, such as commodity exporters and Asian countries with trade links to China. It noted that a weaker China

would also have a negative impact on risk appetite globally, mainly in the economies of Central Eastern Europe, the Middle East & Africa (CEEMEA), which have large external financing needs in 2012.

In parallel, Citigroup pointed out that the Eurozone crisis also creates major uncertainty for EM growth and financing needs. It said that the risk of European bank de-leveraging remains very high and would affect mostly the CEEMEA economies. It noted that Central Eastern Europe economies have significantly greater liabilities to European banks, expressed as a share of foreign reserves, than other parts of EM. It added that CEEMEA has the most vulnerable economies to external financing needs worldwide. Further, it noted that risks arising from the Middle East, which are under-priced by the market, could create commodity price volatility, which would add uncertainty to the inflation outlook.

Source: Citigroup

SYRIA

Economy to contract by 10% in 2011, consumption and investment to recede

Business Monitor International projected Syria's real GDP to contract by 9.6% in 2011 and by 2.2% in 2012 due to the negative impact of the ongoing crisis on private consumption, fixed investment, government spending, and exports.

It expected private consumption to contract by 0.5% in 2012 and to grow by only 3% in 2013 as it will be constrained over the medium term by political uncertainties. It said that residents' rush to convert local currency into hard currency earlier this year would depress private consumption as Syrians will seek to preserve their money rather than spending it. It added that the political crisis has prompted large-scale capital outflows, estimated at \$5bn since last March. It pointed out that the difficult operating environment for businesses has led to shortages of goods and employee layoffs, which would further weigh on consumption.

In parallel, BMI expected gross fixed capital formation to suffer significantly from the crisis and to contract by 12% in 2011. It projected fixed investment to contract by 2% in 2012 followed by a growth of 3% in 2013. It said that the sanctions imposed by the U.S. and the European Union will continue to have a significant impact on the economy, and that foreign investors' interest in Syria is likely to recede. Further, it noted that the EU oil embargo isolated Syria from global oil markets and that the loss of oil revenues will significantly harm the government's finances. It indicated that the losses will also cause the trade balance to widen as oil exports account for over 25% of Syria's exports of goods. As such, it projected exports to contract by 9% in 2011 and to expand marginally by 1% and 1.5% in 2012 and 2013, respectively. It noted that the shortage of many goods will lead to an increase in imports by 7% and 6% in 2012 and 2013, respectively.

Source: Business Monitor International



ECONOMY & TRADE

GCC

Corporate profits up 13% to \$42bn in first 9 months

Corporate earnings of publicly-listed firms in the Gulf Cooperation Council (GCC) economies totaled \$41.5bn in the first 9 months of 2011, constituting an increase of 12.6% from the same period last year. The increase was mainly driven by an 18% growth in banks' earnings and a 55% increase in commodities' income, as well as from the real estate sector's profits that increased by almost 2.5 times in the covered period. Corporate income totaled \$13.7bn in the first quarter and rose by 18% year-on-year, it increased by 3.4% to \$14.1bn in the second quarter, and by 18.3% in the third quarter to \$13.7bn in the third quarter. Saudi Arabia led the region's corporate earnings with \$19.7bn in the first 9 months and accounted for 47.4% of the total. It was followed by the UAE with \$8bn, or 19.2% of the total, Qatar with \$7.7bn (18.6%), Kuwait with \$4.2bn (10%), Oman with \$1bn (2.4%), and Bahrain with \$936m (2.3%). Corporate earnings in Saudi Arabia rose by 24% year-on-year, followed by the income of firms in Bahrain with a 20.3% growth, firms' earnings in Qatar with an 18.8% increase, and the profits of corporates in the UAE with a 13% rise; while the income of Omani firms regressed by 26% and that of firms in Kuwait contracted by 21%.

Source: Kuwait Financial Center

SYRIA

Arab world and Turkey impose sanctions on Damascus

The League of Arab States imposed a set of economic sanctions on Syria in response to the failure of Damascus to respond to the Arab League Protocol that would have allowed observers into the country to monitor the regime's response to civil unrest. The sanctions include freezing the government's and high-level regime officials' bank assets that are under the jurisdiction of the League's 21 member states; suspending transactions with the Central Bank of Syria and the Commercial Bank of Syria; blocking the sale of non-essential commodities to Syria; ending the financing of all Arab-funded projects in Syria; and imposing travel bans on high-level regime officials. Iraq and Lebanon, which together account for around half of all Arab trade with Syria, were the only Arab states not to endorse the sanctions.

In conjunction with the Arab sanctions, Turkey imposed its own set of sanctions against the Syrian regime. The sanctions include freezing the Syrian government's assets that are under Turkish jurisdiction, stopping all new transactions with the Commercial Bank of Syria, ending relations with the Central Bank of Syria, halting all credit to the Syrian government, and suspending an existing credit agreement that supports Turkish involvement in Syrian infrastructure projects. Turkey also suspended a joint economic and political cooperation council between the two countries. Also, the sanctions stipulate a travel ban to Turkey and a freeze of the assets of regime figures as well as those of businessmen close to the regime. Turkey is Syria's largest trading partner, with trade exchange reaching \$2.4bn in 2010.

Source: Wall Street Journal, Bloomberg, Thomson Reuters

EGYPT

Sovereign ratings downgraded on increased transition risks

Standard & Poor's downgraded Egypt's long-term foreign and local currency sovereign credit ratings to 'B+' from 'BB-', with a 'negative' outlook. It also affirmed Egypt's short-term foreign and local currency debt ratings at 'B' and revised the country's transfer and convertibility assessment to 'B+'. It attributed the downgrade to the further deterioration of Egypt's weak political and economic outlook after the renewal of clashes between protestors and security personnel. It said the recent escalation of violence has weakened the prospects of a smooth political transition to democracy and have reduced the ability of the government to place public finances on a more sustainable path. It anticipated Egypt's net foreign reserves to continue to decline, as they have dropped steadily to \$22bn by the end of October 2011 from \$36bn at end-December 2010. The agency expected that political institutions would face challenges if authorities do not meet demands for greater political participation, and improved living standards. In parallel, the agency expected any incoming government to continue to run high general government deficits due to increased spending, mainly on food and fuel subsidies, and from weak government tax revenues. S&P said that it would further downgrade the ratings if the political transition towards a more pluralistic society results in more turmoil that puts pressure on the government's borrowing needs or on the country's external funding needs.

Source: Standard & Poor's

UAE

Abu Dhabi's contingent liabilities at 54% of GDP, government scales back projects

Standard & Poor's affirmed Abu Dhabi's long- and short-term sovereign credit ratings at 'AA/A-1+' with a 'stable' outlook and its transfer & convertibility assessment at 'AA+'. It said that the exceptional strength of the Abu Dhabi government's net asset position provides a buffer to counter the negative impact of oil price volatility on economic growth and government revenues, as well as on the external account. It estimated Abu Dhabi's fiscal surplus at 13% of GDP in 2011 and expected the surplus at between 11% and 13% of GDP annually in the 2012-14 period. It added that the Abu Dhabi government has the financial resources to cover fiscal costs from contingent liabilities, including those that may arise from the high debt burdens of state-owned enterprises (SOEs) and government-related entities (GREs) that it estimated at 54% of GDP in 2010. It added that the changed global economic environment and continued risks in the real estate sector prompted a review of the pace of spending on the various projects that GREs are undertaking. As such, S&P noted that the government took measures to scale back some of the projects in the real estate sector as well as to strengthen the monitoring of financing needs and debt management practices at GREs and SOEs.

Source: Standard & Poor's



BANKING

EMERGING MARKETS

Funding risks to banks rise from Eurozone crisis

Fitch Ratings warned that an escalation of the Eurozone crisis would weigh on the capital and funding of Eurozone banks, forcing them to cut funding to their subsidiaries in Central & Eastern Europe (CEE) beyond the level warranted by local conditions. It said that a reversal in net funding to CEE would reduce credit availability and weaken GDP growth in many countries. It added that foreign banks demonstrated their willingness and ability to support their subsidiaries in CEE during the global financial crisis. But it pointed out that the absence of such support would spread the stress from the Eurozone to CEE banks given their strong economic and financial links. Further, it said that a reduction in funding availability from parent banks could force their subsidiaries to shrink their balance sheets further, despite being able to sustain some reduction in funding. It noted that CEE countries with lower loan-to-deposit ratios and weaker links with the peripheral Eurozone banks would be less affected. It added that CEE banks have little direct exposure to Greek or peripheral Eurozone sovereign debt, but it noted that their asset quality would be affected by a weaker growth outlook and the adverse impact of currency depreciation on borrowers with foreign currency-denominated debt.

Source: *Fitch Ratings*

EGYPT

Banks' ratings downgraded on growing political uncertainties

Standard & Poor's lowered its long-term counterparty credit ratings on National Bank of Egypt (NBE) and Commercial International Bank to 'B+' from 'BB-' and affirmed the banks' short-term counterparty credit ratings at 'B', with a 'negative' outlook on all the ratings. It also lowered the public information rating on National Société Générale Bank to 'Bpi' from 'BB-pi'. It attributed the downgrades to the growing risks to macroeconomic stability from political uncertainties, which would hamper economic growth and would have a negative effect on the banks' financial profiles, mainly their asset quality and profitability. It added that the downgrades reflect the risk of a further deterioration in the sovereign's creditworthiness as well as the risk that public sector banks, such as NBE, use part of their liquidity to invest in local government debt from widening government borrowing requirements.

Source: *Standard & Poor's*

SUDAN

Anti-money laundering deficiencies remain

The Financial Action Task Force, the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Khartoum has taken steps since June 2011 towards improving its AML/CFT regime, including by improving the overall infrastructure of the Financial Intelligence Unit and the supervisory framework. But it considered that certain strategic deficiencies remain. It encouraged the authorities to address these deficiencies by implementing adequate procedures for identifying and freezing terrorist assets; ensuring a fully operational and effectively

functioning FIU; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT; and implementing a supervisory program for the regulators to ensure compliance with the provisions of the new law and regulations.

Source: *Financial Action Task Force*

ARMENIA

Banks' outlook changed to negative

Moody's Investors Service changed the outlook to 'negative' from 'stable' on the 'Ba3' long-term foreign currency deposit ratings of Ardshinvestbank, ACBA-Credit Agricole, and Unibank. It also lowered the outlook to 'negative' from 'stable' on Ardshinvestbank's 'Ba2' and Unibank's 'Ba3' long-term local currency deposit ratings. Further, it changed the outlook to 'negative' from 'stable' of Prometey Bank's 'B1' long-term local and foreign currency deposit ratings, and affirmed Ardshinvestbank's 'D-' and Prometey Bank's 'E+' standalone bank financial strength ratings with a 'stable' outlook. It attributed its actions to its earlier decision to change Armenia's sovereign ratings outlook to 'negative' from 'stable', and to the downside risks of the operating environment on the banks' credit profiles. It said the ratings on Ardshinvestbank and Unibank could be downgraded if Armenia's government debt ratings were downgraded, while those of ACBA-Credit Agricole would not be affected because of parental support from Credit Agricole. It added that the deposit ratings of the three banks incorporate moderate systemic support from the Armenian government in case of need.

Source: *Moody's Investors Service*

TURKEY

Bank's outlook revised downwards on rising economic risks

Fitch Ratings revised the outlook to 'stable' from 'positive' on the long-term foreign currency and local currency Issuer Default Ratings (IDRs) of 15 Turkish banks and financial institutions that include private banks *Turkiye Is Bankasi*, *Turkiye Garanti Bankasi* and *Akbank*, which have a 38% market share; as well as on the four state-owned banks *T. C. Ziraat Bankasi*, *Turkiye Halk Bankasi*, *Turkiye Vakiflar Bankasi* and *Turkiye Kalkinma Bankasi*. It attributed the outlook revision to the increase in near-term risks to macroeconomic stability, as the country faces the challenge of reducing its large current account deficit and its above-target inflation rate against the backdrop of a deteriorating global and financing environment. It said that Turkey's banking sector is well capitalized and liquid. It added that non-performing loans are low, the loan-to-deposit ratio is at 99.5%, and that there is minimal foreign currency lending to households. But it noted that lending growth has been rapid and has increased by 25% in the first nine months of 2011. It added that net interest margins are contracting, reflecting competition, increased reserve requirements on deposits, and the prevailing low interest rate environment in Turkey.

Source: *Fitch Ratings*



ENERGY / COMMODITIES

Brent below \$111 a barrel on demand growth concerns

Brent crude declined below \$111 a barrel on concerns of demand growth after data from China showed slower factory output and due to persistent concerns on Europe's debt crisis. Also, worries about demand growth overshadowed concerns over supply disruptions in the Middle East with tensions escalating in Iran. Brent crude prices fell 9 cents to \$110.4 a barrel on December 1, while U.S. crude prices fell 5 cents to \$100.3 a barrel on the same day.

In parallel, China's Purchasing Manager's Index (PMI) fell to a 32-month low in November at 47.7 points, suggesting that Chinese factory activity declined with lower domestic and international demand. Further, U.S. crude inventories rose 3.9 million barrels to 334.8 million barrels in the week to November 25. The current Brent-WTI spread is at around \$12, well below the \$28 reached on October 14th. Overall, Brent ICE futures increased 1.3% month-on-month to \$110.4 a barrel on November 29th.

Source: Thomson Reuters

Sudan to acquire 23% of South Sudan's oil exports

Sudan announced that it will acquire 23% of South Sudan's oil exports until a final deal is reached on oil revenue sharing. South Sudan seceded from the North last July, depriving the North of 75% of the country's oil production, but oil is still exported via the North. Sudan's Oil Ministry stated on November 28 that it had blocked southern exports, claiming that the South failed to pay \$727m in transit fees. It then pledged not to block southern exports before the final negotiations on oil revenue sharing are completed.

Source: AFP

EU ban on Iranian oil would have limited impact on EU oil companies

Fitch Ratings stated that a potential EU ban on buying Iranian oil is expected to have a much smaller impact on European oil companies than the recent Libyan crisis. It said that exposure to Iran is almost exclusively through refining operations rather than production. Oil production in Iran is dominated by the National Iranian Oil Company and, therefore, the involvement of European oil companies is negligible.

Source: Thomson Reuters

Iraq to exploit two new gas fields

The Iraqi Oil Ministry stated that it aims to exploit the gas fields in Missan and Majnoun through cooperating with international companies. Also, the ministry signed a final contract with Royal Dutch Shell and Mitsubishi establishing the Basra Gas Company. The deal is expected to help Iraq use more than 700 million cubic feet per day of gas and export the surplus. Currently, Qatar is the only country in the Gulf region exporting natural gas.

Source: AK News

Base metals: Fundamentals firm, steel production still growing

Copper prices fell after data showed reduced production in Asia and Europe's factories. Three-month copper prices on the London Metal Exchange declined 18.7% to \$7,803 per ton on December 1, from \$9,600 per ton at end-2010. Aluminum prices declined 15.1% from end-2010 to \$2,098 per ton, nickel prices decreased 31.1% to \$17,056 per ton, and zinc prices fell 17% to \$2,036 per ton. Tin headline inventories in LME warehouses reached 12,150 tons on December 1, the lowest level in 13 months. Also, lead inventories in LME warehouses reached 369,250 tons on the same day. A key factor for the near-term economic outlook for base metals will be whether European leaders are able to agree on credible action to tackle the debt crisis at the European Union summit scheduled for December 9th.

Source: Thomson Reuters

Precious metals: Gold prices on the rise on higher debt risks

Gold prices posted a second monthly advance and holdings in exchange-traded products rose to an all-time high, as investors sought to protect their wealth against debt risks in Europe and the United States. Gold bullion for immediate delivery increased 0.7% to \$1,728 an ounce, the highest price since November 18, and traded at \$1,722 an ounce in Singapore. Futures for delivery in February rose 0.4% to \$1,725 an ounce on the Comex in New York. Also, holdings in exchange-traded products backed by gold increased 0.1% to 2,354 metric tons on November 29th. They rose 3.7% in November, the highest increase since July 2011.

Newmont Mining Corporation, the largest U.S. gold producer, suspended a \$4.8bn gold project in Peru amid anti-mining protests. Morgan Stanley stated that while mine production is increasing, the new supply is still insufficient to keep pace with higher investment demand and Central Bank buying. Spot silver dropped 0.3% to \$31.9 an ounce on November 29th. Overall, the price of gold increased by 0.25% month-on-month to \$1,718 per ounce on November 29, while the price of silver declined 6.2% to \$32.2 an ounce. Palladium prices decreased by 10% month-on-month to \$582 per ounce on November 29 and platinum declined by 3.2% to \$1,551 per ounce.

Source: Bloomberg

Global Commodity Outlook			
(3-months LME, \$/ton)	2010	2011f	2012f
Aluminum	2,201	2,434	2,225
Copper	7,570	8,814	8,750
Lead	2,172	2,377	2,300
Nickel	21,913	22,940	21,375
Tin	20,448	26,347	26,000
Zinc	2,188	2,209	2,200
(Spot price, \$/ounce)			
Gold	1,227	1,588	1,875
Palladium	529	732	725
Platinum	1,613	1,725	1,750
Silver	20	36	39

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								
Africa													
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	B+	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								
Middle East													
Bahrain	BBB	Baa1	BBB	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								
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-	-4.8	44.8	38.4	402.7	-	194.2	-14.6	9.2
	-	Negative	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	Stable	-	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	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	16-Nov-11	No change	21-Dec-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	11-Nov-11	No change	08-Dec-11
Malaysia	O/N Policy Rate	3.00	11-Nov-11	No change	31-Jan-12
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	9.25	24-Nov-11	Raise 100 bps	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	22-Nov-11	No change	Q1-12
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-Dec-11	No change	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



Economic Research & Analysis Department

Byblos Bank Group

P.O. Box 11-5605

Beirut - Lebanon

Tel: (961) 338 100

Fax: (961) 217 774

E-mail: research@byblosbank.com.lb

www.byblosbank.com

The Country Risk Weekly Bulletin is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from the Country Risk Weekly Bulletin may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.



BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605
Riad El Solh - Beirut 1107 2811 - Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

SYRIA

Byblos Bank Syria S.A
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424 Damascus - Syria
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458
E-mail: iraqbranch@byblosbank.com.lb

Baghdad Branch, Iraq
Karada - Salman Faeq Street
Facing Al Sheruk Building
P.O.Box: 3085 Al Elweyah - Iraq
Phone: (+ 964) 1 7177493
(+ 964) 1 7177294
E-mail: aabelkader@byblosbank.com

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336400
Fax: (+ 971) 2 6338400
E-mail: byblosbankuae@byblosbank.com

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 37500 - Republic of Armenia
Phone: (+ 374) 10 530 362
Fax: (+ 374) 10 535 296

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol - Cyprus
Phone: (+ 357) 25 341433 / 4 / 5
Fax: (+ 357) 25 367139
E-mail: bybloscyprus@byblosbank.com

BELGIUM

Byblos Bank Europe S.A
European Head Office
10, Rue Montoyer
B-1000 Brussels - Belgium
Phone: (+32) 2 551 00 20
Fax: (+32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS - United Kingdom
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

FRANCE

Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
10-14 Bourdillon Road
Ikoyi, Lagos - Nigeria
Phone: (+ 234) 1 6653633
(+ 234) 1 8990799
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

DEMOCRATIC REPUBLIC OF CONGO

Byblos Bank RDC
4, Avenue du Marche
C/Gombe, Kinshasa, Democratic Republic of Congo
Phone: (+ 243) 817 070701
(+ 243) 991 009001
E-mail: melamm@byblosbank.com.lb

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293

