

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Insurance industry losses from natural catastrophes at \$150bn in 2011**

Reinsurer Munich Re estimated global economic losses from natural catastrophes at \$380bn in 2011 compared to \$150bn in 2010 and up 72.7% from the previous record-high of \$220bn in 2005. The 2011 figures constitute the costliest year in terms of natural catastrophe losses. It said that economic losses included \$105bn in insured losses in 2011, which exceeded by 4% the 2005 record of \$101bn and by 150% the \$42bn losses in 2010. It added that losses from geophysical events such as earthquakes, tsunami and volcanic eruptions accounted for 61% of global economic losses and for 47% of insured losses in 2011, followed by losses from meteorological events such as storms with 19% (37%), losses from hydrological events such as flood and mass movement with 17% (13%), and losses from climatological events such as extreme temperature, drought and forest fire with 3% (3%). In parallel, it indicated that Asia accounted for 70% of global economic losses and 44% of insured losses in 2011, as the economic damages caused by Japan's earthquake and tsunami reached \$210bn and the share of insured losses amounted to \$40bn. It was followed by North America, Central America & the Caribbean with 22% (37%), and Australia & Oceania with 7% (17%).

Source: Munich Re

##### **Private equity fundraising down 4% to \$262bn in 2011**

Preliminary figures released by research provider Preqin indicate that global private equity fundraising reached \$262.3bn in 2011, constituting a decrease of 4% from \$274bn in 2010. The firm said that fundraising proved to be very difficult in 2011, as the second half of the year was one of the weakest quarters for private equity fundraising since the global financial crisis. It noted that buyout funds raised \$69.2bn from 92 deals, while venture capital funds had the largest number of deals at 133 and raised \$32.3bn in capital last year. It pointed out that the average time for funds to close was 16.7 months in 2011, down from 18.7 months in 2010. It said that 1,823 private equity funds are currently seeking to raise a combined \$739.6bn in 2012. As such, it expected the market to remain extremely competitive, even though 73% of investors plan to make new commitments in 2012. It noted that 35% of investors are below their target allocations to private equity, 49% are at their target allocations, and 16% are exceeding their target allocations.

Source: Preqin

##### **Corporate default rate at 1.7% at end-2011**

Moody's Investors Service indicated that the rate of global speculative-grade corporate defaults reached 1.7% at the end of 2011 relative to 3% at the end of 2010. The agency said the number of defaults stood at 36 in 2011 relative to 61 defaults in the previous year, while the number of defaults reached 19 in the fourth quarter compared to 21 defaults in the same quarter of 2010. It noted that fewer defaults occurred last year despite weak fundamental macroeconomics and credit spreads. It forecast the global speculative-grade default rate to be increase to 2.9% at end-2012, but to remain low by historic standards. Measured on a dollar volume basis, the global speculative-grade bond default rate reached 1.7% at end-2011, unchanged from a year earlier, but up from 1.2% at the end of September 2011. 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 24.1% at end-2011 compared to 10.5% at end-2010.

Source: Moody's Investors Service

#### MENA

##### **Country risk in Arab world higher than global risk levels**

*Euromoney* magazine's quarterly survey on global country risk shows that risks in the Arab world remain higher than global risk levels. The average score of 20 MENA countries reached 43.8 points and that of Arab economies was 41.62 points in December 2011 compared to the global average of 42.69 points. The MENA region's Political Risks score was 12.21 points in December 2011, down by a marginal 0.5% from September and remained below the global average of 13.74 points; while the Economic Performance score was unchanged at 14.43 points, but was favorable relative to the global average of 13.16 points. Further, the region's Credit Ratings and Access to Bank Capital & Capital Markets averaged 3.47 points and 4.79 points, respectively, unchanged from September 2011. Also, the region's score on Debt Indicators reached 4.35 points relative to a global average of 4.11 points. *Euromoney* changed the methodology to calculate the Debt Indicators category for high income countries, which prevents comparisons of overall country risk scores with previous quarters. Qatar is the country with the best country risk ratings in the MENA region and ranked in 20th place globally, followed by Kuwait (29th) and Oman (32nd); while the lowest-ranked Arab countries are Yemen, which came in 147th place worldwide, Libya (150th) and Mauritania (180th), which continues to have the worst risk level in the region

Source: *Euromoney*, Byblos Research

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# OUTLOOK

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## SYRIA

### Unrest to increase pressure on currency

Business Monitor International indicated that the Syrian pound remained stable throughout the second quarter and much of the third quarter of 2011, but expected that the sanctions from the West and the Arab League, the economic slowdown, and a deteriorating balance of payments to likely weigh heavily on the currency's future trend. It projected the Syrian pound to average SYP63 and SYP62 against the US dollar in 2012 and 2013, respectively, compared to an average of SYP45.57 per dollar in the first 10 months of 2011 and relative to SYP 54 to the dollar towards the end of last year. It said the black market exchange rate has diverged from the official rate by 10% or more in recent months as political uncertainties persist. It noted that the Syrian pound has continued to come under sustained downward pressure, with the official rate against the dollar dropping again to SYP 57.30 in the first week of January, which amounts to two devaluations within four weeks. It estimated that Syria's real GDP contracted by 9.6% in 2011 as private consumption, exports and fixed investment slowed considerably. It projected economic activity to contract by 2.2% in 2012 but to grow by 1.1% in 2013. It added that international and regional sanctions are weighing on Syria's budget and balance of payments and, therefore, on its currency. It noted that the European Union's oil embargo has been particularly effective, as the EU had been the destination of nearly all of Syria's crude exports. It pointed out that the sharp drop in oil revenues, which account for approximately one-third of the government's aggregate revenues, will reduce access to foreign exchange.

Further, BMI said that a lack of investment inflows, significantly reduced oil exports, the paralysis of the tourism sector, and capital flight may further reduce the country's access to foreign currency and eventually affect the level of reserves. It noted that the Central Bank of Syria's latest efforts at defending the currency have helped prevent a more significant devaluation of the pound, but considered that it still needs to address the challenge of reduced export earnings.

Source: *Business Monitor International*

## NIGERIA

### Real GDP to grow by 6.4% in 2012, reforms are key for economic expansion

Standard & Poor's projected Nigeria's real GDP growth at 6.4% in 2012 compared to an estimated growth of 6.8% in 2011. It expected inflation to remain elevated, as it forecast the average inflation rate at 9% in 2012 relative to 10.6% in 2011. It considered that Nigeria's economic outlook is constrained by internal political tensions, weak political institutions, and faltering efforts to institute buffers that would allow countercyclical policy options. But it noted that the successful implementation of planned reforms to the power sector would remove a major obstacle to the development of the non-oil sector in the country. It indicated that Nigeria has low fiscal and external debt burdens, and benefited from high oil prices that contributed significantly to exports and government revenues in recent years. It expected the stable inflows of remittances which was equivalent to 10% of GDP in 2010, to continue to support domestic

demand. It pointed out, however, that Nigeria's economic development is hampered by infrastructure shortfalls, including problems in the electricity sector, corruption and governance issues, and low educational levels in much of the workforce. It indicated that the successful implementation of Nigeria's reform initiatives would support economic growth, build stronger buffers against the economy's dependence on oil revenues, and reduce pressure on the exchange rate. It noted that reforms include cutting fuel subsidies, working on the Petroleum Industry Bill, rehabilitating the country's electricity sector, creating the Asset Management Corporation of Nigeria, and setting up a sovereign wealth fund.

Further, S&P expected the fiscal deficit to remain low at 0.9% of GDP in 2012 relative to 1% of GDP in 2011 and 4.2% of GDP in 2010. In parallel, it expected Nigeria's current account balance to post a surplus of 5.6% of GDP in 2012 compared to a surplus of 8.5% of GDP in 2011. It noted that Nigeria's current account balance has consistently been reported to be in surplus, although in the past two years errors and omissions have exceeded the surplus due to data inconsistencies in the reported figures. It added that foreign exchange reserves have started to increase again after declining significantly since their 2008 peak. It estimated reserves at 3.8 months of current account payments in 2011, as they rose in the past few months.

Source: *Standard & Poor's*

## INDIA

### Economy to face domestic fiscal and financial risks in 2012

Deutsche Bank considered that fiscal and financial issues will be the main domestic risks facing the Indian economy in 2012. It expected growth to remain under pressure in 2012 given last year's widespread stress due to high inflation, tightening monetary policy, anemic investment, challenges to reform initiatives, governance scandals, capital outflows, and pressure on the exchange rate.

Further, it estimated India's fiscal deficit to widen to 5.6% of GDP in FY2011/12 relative to the budgeted 4.6% of GDP target, as the central government announced substantial additional borrowing. It expected the deficit to worsen, or at best to remain in the 5.5% of GDP range, in FY2012/13 due to weak revenue generation, a challenging privatization environment, and rising pressure to spend on social areas and subsidies. It said that the increasing deficit would lead to higher public sector borrowing requirements and to crowding out the private sector, which would maintain pressure on long-term interest rates and would restrain growth further.

In parallel, Deutsche Bank expected the financial sector to face a period of stress in 2012. It said that lower growth would affect credit quality and debt servicing, while a sharply depreciated rupee would create external debt repayment difficulties. But it ruled out systemic repayment risks, even under a scenario of sudden stop in capital flows, due to India's high level of foreign currency reserves. It added that liquidity conditions would remain challenging if the fiscal situation continues to weaken.

Source: *Deutsche Bank*



# ECONOMY & TRADE

## MENA

### Government spending to support construction activity

Fitch Ratings expected the construction sector in Middle East and North Africa (MENA) to continue to be supported by government spending in Saudi Arabia, Qatar and Abu Dhabi in 2012, as these markets have undertaken massive infrastructure spending plans backed by government and government-related entities. It noted that the government's fiscal flexibility and the extent of historical infrastructure spending constituted the key factors in assessing the construction outlook at the country level. It projected the Dubai construction market to remain fragile in the medium-term. It said that Abu Dhabi has been reducing its spending on construction-related projects due to concerns about oversupply in the real estate market, an increase in the Emirate's financial commitments, and the slowdown in the global economy. It added that some contracts have been delayed or cancelled, as the Abu Dhabi government has prioritized major infrastructure projects. It warned that a sharper-than-anticipated slowdown in the Abu Dhabi construction sector would have some implications for contractors operating in the UAE. Further, it noted that infrastructure spending in Saudi Arabia and Qatar continues to be strong, but with lower margins. It added that contractors reduced their margins due to the increasing competition, and expected this trend to continue over the next few years. It pointed out that the margins of contractors in the MENA region remained higher than their international peers during the construction boom.

Source: Fitch Ratings

## SAUDI ARABIA

### Spending to exceed 2012 budget, fiscal balance to post surplus

Fitch Ratings expected Saudi Arabia's spending to exceed the level set in the 2012 national budget, but it projected the country to post a fiscal surplus of 4% of GDP this year. It said that the Kingdom's budgets typically underestimate both revenues and spending, adding that government spending exceeded the budget target by an average of 24.8% during the 2002-11 period. But it noted that oil prices lifted revenues beyond expectations, allowing the government to spend more without running a deficit during this period, with the exception of 2009. It expected spending to reach SAR846bn this year, in line with the recent historical overspending average and compared to a budgeted spending of SAR690bn; and for public revenues to reach SAR907bn assuming an oil price of \$100/b and relative to budgeted total revenues of SAR702bn. As such, it expected the surplus to increase to SAR61bn relative to a budgeted surplus of SAR12bn in 2012. It said that the national budget is based on conservative oil price assumptions. It added that the breakeven oil price would be around \$60/b even if Saudi Arabia reduces its oil output to an average of 9 million barrel per day in 2012. It noted that the government's underestimating both revenues and spending would increase the breakeven oil price to \$75 per barrel. In parallel, it said that Saudi Arabia would post a fiscal deficit of 1% of GDP by 2015 due to spending growth of 7%, modest oil output growth, and average oil prices of \$100/b.

Source: Fitch Ratings

## ARMENIA

### Yerevan ranks 173rd worldwide, fifth regionally in quality of living

The annual survey on the quality of living in 221 cities around the world by global consultants Mercer Human Resource Consulting ranked Yerevan as the 173rd most desirable city for overall living standards and the fifth most desirable among 12 cities surveyed in the Commonwealth of Independent States in 2011. Yerevan ranked in 174th place globally and in fifth place in the CIS in the 2010 survey. The study evaluates the cities on the basis of 39 key quality-of-living determinants grouped in 10 categories that include political, economic and socio-cultural factors, in addition to health & sanitation, schools & education, public services & transportation, recreation, consumer goods, housing and natural environment. On a global basis, Yerevan ranked ahead of Nairobi in Kenya, Tirana in Albania and Djibouti; and came immediately behind Almaty in Kazakhstan, Cotonou in Benin and Beirut. Regionally Yerevan ranked ahead of Minsk in Belarus, Baku in Azerbaijan and Tashkent in Uzbekistan, while it came behind Almaty in Kazakhstan, Saint Petersburg and Moscow in Russia. The survey is conducted annually to help multinational companies assess international hardship allowances.

Source: Mercer Human Resource Consulting

## RWANDA

### Sovereign ratings assigned, outlook positive

Standard & Poor's assigned long- and short-term foreign and local currency sovereign credit ratings of 'B' to Rwanda. It also assigned a transfer and convertibility assessment of 'B' and a 'positive' outlook to the ratings. It said the ratings are supported by Rwanda's good economic performance over the last decade; significant market-oriented reforms; good macroeconomic management anchored by the implementation of four consecutive IMF programs; and donor support equivalent to about 13.5% of GDP on average over the decade. It noted that the government invested significantly in infrastructure and skills development, and made continuous reforms to improve the business climate. It pointed out that the ratings are further supported by the projected moderate general government fiscal deficits over the medium-term, which would keep the net public debt at less than 15% of GDP. But it indicated that the ratings are constrained by low per capita income; and by structural current account deficits that reflect the narrow export base and large investment needs. It noted that Rwanda relies on aid to finance its fiscal and current account deficits, and expected donor inflows to remain stable given the government's track record and pro-growth agenda. It anticipated the current account deficit to deteriorate temporarily over the medium-term because of large imports for public-sector infrastructure projects and private-sector investments, but expected the reserve coverage to remain comfortable. It projected Rwanda's gross external financing needs to remain in the range of other 'B'-rated sovereigns at around 120% of current account receipts plus reserves.

Source: Standard & Poor's



# BANKING

## EGYPT

### Bank ratings downgraded on sovereign action

Fitch Ratings downgraded to 'BB-' from 'BB' the Long-term foreign currency Issuer Default Ratings (IDR) of 'National Bank of Egypt (NBE), its wholly-owned subsidiary National Bank of Egypt (UK) (NBEUK), and Commercial International Bank (CIB) with a 'negative' outlook. It attributed the downgrade to its earlier downgrade of Egypt's sovereign ratings due to the significant erosion of foreign currency reserves in 2011, along with the ongoing political turbulence which is delaying economic recovery and debt dynamics. It said that the IDRs on NBE and its subsidiary are driven by the moderate probability of support from the Egyptian authorities in case of need. It pointed out that NBE is owned by the state and is Egypt's largest bank.

Source: Fitch Ratings

## GHANA

### Banking sector expanding rapidly, NPLs still elevated

Business Monitor International expected the assets of banks operating in Ghana to expand by 30% in 2012 due to a supportive macroeconomic environment. It indicated that aggregate assets stood at GHS19.5bn, or \$12.8bn, at end-August 2011, equivalent to 36.5% GDP. It added that domestic assets increased at an annual rate of 26.7% in August, while foreign assets posted a much faster growth rate of 51.3% year-on-year. It said that Ghana's banking sector remains relatively stable, and is benefiting from high capitalization levels and sound liquidity and profitability, which is attracting foreign investors. It indicated that the capital adequacy ratio of banks operating in Ghana stood at 15.4% at end-August 2011, well above the 10% level considered to be prudent, but down from 19.2% at end-August 2010. It added that the Bank of Ghana is currently pushing all banks to meet the GHS60m minimum capital requirement by the end of 2012. Further, BMI indicated that banks are showing an appetite for risk, as they are providing loans to the real economy and are lending an increasing portion of their funds to private firms and a significantly declining share to state-owned enterprises. In parallel, BMI pointed out that banks' high level of nonperforming loans constituted the key concern for Ghana's banking sector, as NPLs accounted 16% of total outstanding loans at end-August 2011. It said the mining and quarrying sector had the highest level of NPLs at 25.2% at end-August 2011; followed by agriculture, forestry and fishing with 23%; commerce and finance with 21%; and manufacturing with 20.3%.

Source: Business Monitor International

## MAURITANIA

### Loans-to-deposits ratio at 114%, NPLs at 30%

Figures released by the International Monetary Fund indicate that the capital-to-assets ratio of banks operating in Mauritania was 16.7% at end-June 2011, up from 14% at end-2010 and 14.2% at end-2009. The sector's liquid assets reached 24.6% of total assets at end-June relative to 24.8% at end-2010 and 25.4% at end-2009, while aggregate deposits accounted for 50% of total assets at end-June 2011 relative to 49.7% at end-2010. Further, private sector loans-to-deposits decreased to 114.3% at end-June from 122% at the end of 2010 and 119.2% at end-

2009; while private sector credit accounted for 57.1% of total assets at end-June, relative to 60.7% at end-2010. Private sector credit grew by 13.3% year-on-year compared to an increase of 16% in 2010 and 4% in 2009. Also, foreign currency assets accounted for 6.7% of total assets compared to 7% at end-2010; while they accounted for 126.7% of total foreign currency liabilities at end-June relative to 112% at end-2010. The sector's non-performing loans reached 29.7% of total loans at end-June 2011, up from 28.7% at end of 2010 and 27.7% at end-2009; while uncovered NPLs stood at 3.4% of gross loans relative to 3.5% at end-2010 and 4.1% at end-2009. Further, the sector's provisions-to-NPLs ratio slightly increased to 88.7% from 87.7% at end-2010 and 85.2% at end-2009. The sector's aggregate assets were equivalent to 47.5%.

Source: International Monetary Fund

## KUWAIT

### Loan growth still sluggish

Figures issued by the Central Bank of Kuwait show that total assets of commercial banks reached KD 43.5bn at the end of November 2011, constituting a 5.1% rise from end-2010 and a 4.5% increase from end-November 2010. Lending to the private sector reached KD 25.6bn, up by a marginal 0.4% from the previous month and by 2.1% year-on-year. Loan growth continues to be sluggish despite a slight increase over the past three months, driven by a mild acceleration in retail loan growth following salary increases in a number of sectors. Retail lending grew by 6% year-on-year and corporate lending by 3% annually, while lending to the financial sector, mainly investment companies, continued its downward trend and dropped by 14% year-on-year. Also, customer deposits totaled KD 30.1bn at end-November, up 0.5% from the previous month and by 5.8% year-on-year, driven primarily by private sector deposits that grew by 9% year-on-year, while government deposits continued their downward trend since April 2011. The loans-to-deposits ratio was 85% at end-November, unchanged from the previous month and relative to 88% a year earlier and to the average ratio of 89% in 2010.

Source: Central Bank of Kuwait, EFG Hermes

## QATAR

### Public sector, real estate and retail segments drive lending growth

Figures issued by the Central Bank of Qatar (CBQ) show that total assets reached QAR 643.9bn at the end of November 2011, down by a marginal 0.9% from end-October but up 13.5% from end-2010. Loans reached QAR 391.3bn, constituting an increase of 1.8% month-on-month, and a rise of 24.4% from end-2010 and of 23.4% from end-November 2010, driven by public and private sector credit growth of 29% and 22% year-on-year, respectively. Lending to the real estate and retail sectors constituted the main drivers of private sector credit growth. In parallel, aggregate deposits reached QAR 344.1bn at end-November, down 5.2% month-on-month but up 12% from each of end-2010 and end-November 2010. The November decrease in deposits was mainly due to lower corporate deposits. The loans-to-deposits ratio reached 113.7% at end-November compared to 103.7% a year earlier.

Source: Central Bank of Qatar, EFG Hermes, Byblos Research



# ENERGY / COMMODITIES

## Oil prices rise on possible supply disruptions from Iran and Nigeria

Brent prices rose above \$113 a barrel on January 12 as worries about supply disruptions from Nigeria and Iran offset pressures from higher inventories and persisting euro zone debt problems. Brent crude prices rose by \$1 to \$113.2 a barrel on January 12, while U.S. crude oil prices increased by 73 cents to \$101.6 a barrel. The U.S. imposed additional sanctions on Iran last month and the European Union will hold a meeting on January 23 to decide on whether to embargo Iran's oil. Also, supply worries emerged from nationwide protests in Nigeria after the government announced the lifting of fuel subsidies on gasoline. The U.S. Energy Information Administration estimated that oil inventories increased 4.96 million barrels to 334.7 million barrels in the week to January 6th. Also, Japan's commercial crude oil stocks rose almost 3 million barrels, or 3.1% week-on-week, to 99.7 million barrels. Market volatility is expected to persist, as investors struggle to balance the effects of weaker demand and geopolitical risks.

Source: Thomson Reuters

## South Sudan threatens to sue Khartoum over unilateral oil charges

The Government of South Sudan threatened to sue Sudan over the latter's decision to unilaterally impose monthly charges on the South's crude oil which is transported through the North's pipelines. These charges are expected to persist until the two nations reach an agreement on transit fees. The negotiations are due to resume in mid-January after talks in November failed amid accusations that Sudan temporarily blocked the loading of crude oil. Further, South Sudan is in negotiations to build an alternative pipeline to the Kenyan coast.

Source: Sudan Tribune

## Jordan discovers new phosphate reserves worth \$30bn

Jordanian geologists discovered large amounts of phosphate ores in the north east of Jordan. The reserves are estimated at about 200 million tons of phosphate worth \$30bn at global prices. Further, the Jordan Phosphate Mines Company has an exclusive concession for phosphate exploration in the country, according to an agreement signed with the government in 2006.

Source: Arab News

## Jordan to import LNG from Qatar

Jordan reached an initial agreement with Qatar to import liquefied natural gas (LNG) to support its energy needs. The two countries have recently formed a technical committee to plan how Jordan will receive natural gas supplies from Qatar, reducing its dependence on Egyptian gas. Jordan imports almost all of its gas needs from Egypt under a long-term agreement signed in 2001. Recently, those supplies have been disrupted 11 times by sabotage attacks on the pipeline that carries the gas through northern Sinai. Supply disruptions is costing Jordan around \$4m per day in added power generation costs.

Source: Platts, Bloomberg

## Base metals: Prices to rise in 2012 on support from China

Base metal prices mostly declined in 2011, characterized by high levels of uncertainty and risk aversion. However, prices are expected to rise in 2012 with China lending support to prices. Aluminum prices rose by 0.1% to \$2,168 per ton on January 12th. Aluminum is trading well below the marginal costs of production, which in China are estimated at \$2,300 a ton. Further, aluminum stocks at the beginning of January climbed to a record of 4.98 million tons in the warehouses of the LME, while the Shanghai Futures Exchange has also reported growing inventories for several weeks now.

Further, the Dow-Jones UBS Aluminum Sub-index declined 21.7% in 2011, while the Copper Sub-index decreased by 24.4%. Also, the Dow-Jones Nickel Sub-index declined by 24.7% and the Lead Sub-index decreased by 20% last year. Overall, the Dow-Jones Industrial Metals Sub-index decreased by 24.2% in 2011.

Source: Commerzbank, Bloomberg

## Precious metals: Gold and silver prices improve

The precious metals complex saw mixed price action in the past week. Gold and silver prices increased with improved physical buying and better liquidity. Gold prices increased by 3.9% to \$1,645 an ounce on January 12, while silver grew by 0.1% to \$30 an ounce. Platinum prices rose 2.2% week-on-week, while palladium dropped by 4.5%.

Asian physical premiums for gold rose in Shanghai and reached \$13 per ounce at the end of last week. Premiums in Hong Kong also increased to \$2.5 per ounce. Further, major ETF holdings for physical platinum declined 0.1% month-on-month, while ETF holdings of palladium fell more sharply by 3% month-on-month. Further, the Dow-Jones UBS Silver Sub-index declined by 10.2% in 2011, while the Gold Sub-index increased by 9.6%. Also, the Dow-Jones Platinum Sub-index declined by 21.8% last year. Overall, the Dow-Jones Precious Metals Sub-index increased by 4.6% in 2011.

Source: Standard Chartered, Thomson Reuters

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	2,250
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	700
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								
<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	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								
<b>Middle East</b>													
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								
<b>Central &amp; Eastern Europe</b>													
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	Negative	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	13-Dec-11	No change	25-Jan-12
Eurozone	Refi Rate	1.00	08-Dec-11	Cut 25bps	12-Jan-12
UK	Bank Rate	0.50	08-Dec-11	No change	12-Jan-12
Japan	O/N Call Rate	0-0.10	21-Dec-11	No change	24-Jan-12
Australia	Cash Rate	4.25	06-Dec-11	Cut 25bps	06-Feb-12
New Zealand	Cash Rate	2.50	08-Dec-11	No change	26-Jan-12
Switzerland	3 month Libor target	0.00	15-Dec-11	No change	15-Mar-12
Canada	Overnight rate	1.00	06-Dec-11	No change	17-Jan-12
<b>Emerging Markets</b>					
China	One-year lending rate	6.56	06-Jul-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	13-Dec-11	No change	Jan-12
Taiwan	Discount Rate	1.88	29-Dec-11	No change	13-Jan-12
South Korea	Base Rate	3.25	08-Dec-11	No change	13-Jan-12
Malaysia	O/N Policy Rate	3.00	11-Nov-11	No change	31-Jan-12
Thailand	1D Repo	3.25	30-Nov-11	Cut 25bps	25-Jan-12
India	Reverse repo rate	8.50	16-Dec-11	No change	24-Jan-12
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	22-Dec-11	No change	24-Jan-12
South Africa	Repo rate	5.50	10-Nov-11	No change	Jan-12
Kenya	Central Bank Rate	18.00	1-Dec-11	Raise 150 bps	1-Feb-12
Nigeria	Monetary Policy Rate	12.00	22-Nov-11	No change	25-Jan-12
Ghana	Prime Rate	12.50	Dec-11	No change	Feb-12
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	02-Dec-11	No change	20-Jan-12
Brazil	Selic Rate	11.00	30-Nov-11	Cut 50bps	18-Jan-12
Armenia	Refi Rate	8.00	10-Jan-12	No change	N/A
Romania	Policy Rate	5.75	06-Jan-12	Cut 25bps	N/A
Bulgaria	Base Interest	0.22	01-Jan-12	No change	N/A
Kazakhstan	Refi Rate	7.50	01-Jan-12	No change	N/A
Ukraine	Discount Rate	7.75	10-Aug-10	Cut 75bps	N/A
Russia	Refi Rate	8.00	26-Dec-11	Cut 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](mailto:research@byblosbank.com.lb)

[www.byblosbank.com](http://www.byblosbank.com)

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# 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

