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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Gold demand at 4,067 tons and $206bn in 2011

Figures released by the World Gold Council show that global demand for gold rose to 4,067.1 tons in 2011, equivalent to an estimated $205.5bn, constituting the first time that global demand has exceeded $200bn and has posted the highest tonnage level since 1997. The World Gold Council said that the main driver for the increase was the investment sector with annual demand reaching 1,640.7 tons, up 5% from the previous record in 2010, and equivalent to a value of $83bn. It added that jewelry demand accounted for 1,962.9 tons last year, down 3% from 2010; while its value reached a new annual record of $99.2bn. It noted that China and India generated 49% of global demand for gold and 55% of global jewelry demand last year, supporting global jewelry demand despite high gold prices, difficult economic conditions, volatility and currency weakness against the US dollar. It said that India posted the largest demand for gold at 933.4 tons last year, with gold jewelry demand accounting for over 500 tons and investment market demand reaching 366 tons. It noted that China's gold demand reached 769.8 tons in 2011, up 20% year-on-year as its investment market demand stood at 258.9 tons. It added that the demand for gold in Europe reached 374.8 tons in 2011, posting its seventh consecutive annual gain as the need for asset protection continues to be a priority. Further, it said that Central Banks continued to be net buyers of gold with their purchases surging from 77 tons to 439.7 tons last year. It noted that such trend reflects the Central Banks' need to diversify assets, reduce reliance on one or two foreign currencies, rebalance reserves and protect national wealth.

Source: World Gold Council

Global downgrades outpace upgrades in 2011

Standard & Poor's indicated that it downgraded 620 issuers and upgraded 500 issuers globally in 2011, with the downgrades representing $17,269bn and the upgrades $1,845bn in rated debt. It expected credit quality to continue to stabilize globally despite some weaknesses in Europe and in emerging markets. The agency said that it downgraded 565 corporate issuers in 2011 representing $5,547bn in rated debt, and upgraded 481 issuers representing $1,537bn in rated debt. It added that it downgraded 55 sovereign issuers in 2011 totaling $11,722bn in rated debt; while it upgraded 19 issuers, all of which in emerging markets, that totaled $308bn in rated debt. Further, it said that it downgraded 48 corporate issuers in emerging markets totaling $60bn and upgraded 82 issuers representing $148bn; while it downgraded 28 sovereign issuers that totaled $2,520bn. In parallel, it said that the global banking sector had 201 rating actions last year, including 132 downgrades and 69 upgrades.The media & entertainment sector followed with 118 rating actions, consisting of 59 upgrades and 59 downgrades; while the utilities sector had 56 downgrades and 33 upgrades for a total of 89 rating actions. S&P said that the rating outlooks on global financial institutions and sovereigns did not stabilize and still reflect continued weakness despite the vast number of downgrades over the past few years.

Source: Standard & Poor's

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 marginally in the fourth quarter of 2011 from the third quarter of the year, as the average index score of the 20 MENA countries included in the index reached 40.1 points, up from 39.5 points in the third quarter of 2011. In parallel, the region's average index score stood at 40.7 points for the full year 2011, down from 46.5 points in 2010, and below the global average of 50 points. 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 MENA region continues to have the worst brand perception in the world, as its fourth quarter score was lower than the global average of 49.9 points, as well as below the average scores of Oceania (54 points), Asia (52.6 points), Europe (52.5 points), North America (51.4), the Commonwealth of Independent States (50.3 points), the Caribbean (50.1 points), Central America (49.9 points), Africa (48.9 points) and South America (45.4 points). Kuwait had the best brand perception in the region and ranked in 10th place globally in the fourth quarter, followed by the UAE, Qatar and Tunisia; while Iraq, Syria and Iran were the worst perceived countries in the region and ranked in 195th, 198th and 199th place worldwide, respectively. The scores of 9 MENA countries improved and 11 regressed, while the ranks of 10 countries improved, 5 regressed and 5 remained unchanged quarter-on-quarter.

Source: East West Communications, Byblos Research

M&A activity down 28% to $24bn in 2011

Figures released by Standard & Poor's show that a total of 388 merger & acquisition deals were announced in the Middle East & North Africa including Turkey in 2011, constituting an increase of 13.5% from 342 deals in 2010. Also, the aggregate value of M&A deals in the region reached $24bn in 2011, down 28% from $33.4bn in 2010. There were 93 announced deals in the first quarter with a value of $13.2bn, 113 deals in the second quarter ($5bn), 86 deals in third quarter ($2.7bn) and 96 deals in the fourth quarter ($3.1bn). The financial sector had 88 deals in 2011, followed by the consumer discretionary sector with 60 deals, and the industrial sector with 59 deals. S&P indicated that non-Middle Eastern buyers accounted for $6.6bn, or 33%, of the $20.3bn in deal activity in the region last year. It noted that deal activity so far in 2012 appears to be receding despite the increase in the number and value of deals in the fourth quarter of last year.

Source: Standard & Poor's

OUTLOOK

MENA

Rise in geopolitical risks to affect investor perception and growth prospects

Standard & Poor's expected Iran to respond to the latest wave of sanctions and international pressure through low-level provocations rather than by blockading the Strait of Hormuz. It said that these provocations would include slowing the shipping through the Strait of Hormuz and disrupting the timely supply of oil from the Gulf by imposing tanker inspections, boarding merchant ships and obstructing shipping routes in its territorial waters. It said that this would result in a significant change in risk perception for global investors, both for the broader credit risk in the region as well as for economic growth worldwide. It noted that entities with high refinancing needs, such as those in Dubai, would face an even more challenging market environment. It added that higher shipping and insurance costs would lead to lower demand across the Middle East and would have a negative impact on growth in the non-oil sector.

In parallel, the agency said that the main impact of rising geopolitical risks in the region would be higher oil prices, which would benefit the GCC's oil exporting economies. It noted that oil exporters' revenues would increase, which will help governments to either stimulate demand or improve their balance sheet. But it added that the fiscal and external balances of oil importers in the Middle East are already stretched, which would leave them unprepared for a further rise in oil prices. Also, it noted that countries with external financing needs in 2012 would suffer from an elevated risk premium in their debt financing. It added that non-oil trade would also be affected because of higher transaction and logistics costs for shipping imports to the Gulf states through the Strait of Hormuz.

Source: Standard & Poor's

SYRIA

Economic activity to contract this year

Business Monitor International projected Syria's real GDP to contract by 5.4% in 2012 following a 12.5% contraction in 2012 due to the ongoing domestic political unrest and international isolation. It expected private consumption to contract by 2.5% in real terms this year because of the decline in confidence in the Syrian pound on the back of the political crisis. It anticipated residents to preserve their wealth by retaining their savings in foreign exchange rather than spending them, given the successive official devaluations of the pound. It considered that the difficult operating environment for businesses has led to employee layoffs in sectors such as in textile and real estate, which is further affecting consumption. It added that the official unemployment rate stood at between 22% and 30% in December, a rate more than twice the previously estimated level; while the total stock of credit in the economy contracted by 4.1% in the first half of 2011. It expected these trends to broadly continue and to further weaken aggregate demand. In parallel, BMI forecast gross fixed capital formation to contract by 3% in real terms in 2012 due to the significant slowdown in activity in key industries such as the construction sector, and because of lower business confidence among small enterprises. Further, it forecast FDI to drop, as the international community and many Arab countries implement tougher sanctions on Syria.

In parallel, BMI expected public expenditures to be constrained by falling oil revenues, which accounted for around 25% of total revenues prior to the EU embargo, and by the declining foreign reserves. It said that the 2012 budget plan anticipates a 12% increase in expenditures. However, it forecast government's consumption to grow by a real rate of 2% in 2012 amid strong pressure to maintain subsidies. It also expected capital expenditures to decrease significantly as the number of tenders issued by state-owned corporations has declined dramatically since January 2011. Further, it expected Syria's net exports to decline in real terms by 6.5% in 2012, mostly due to a 15% fall in exports. It said that Syria's oil exports will be severely affected by the EU oil embargo, as around 95% of Syria's hydrocarbon exports are directed to EU markets. It added that tourism receipts declined by 41% in 2011 and expected this trend to worsen this year.

Source: Business Monitor International

EGYPT

Foreign funding crucial to prevent currency devaluation and reverse capital flight

Credit Suisse warned that the recent social unrest and the challenging fiscal funding environment pose downside risks to Egypt's economic outlook. It said that the government is unlikely to achieve its targeted fiscal deficit of 8.6% of GDP for FY2011/12 in the absence of new savings measures. It expected the government's revenues in FY2011/12 to come below the government's projections, and for most of the expenditure components to significantly rise as a result of sharp increases in public sector wages, subsidies, grants and social benefits. It said that subsidies will absorb 30% of total expenditures at the equivalent of 10% of GDP, while interest payments will increase significantly to about 6.8% of GDP due to rising public debt and debt servicing cost. It warned that funding the fiscal deficit from both local and foreign sources has become increasingly difficult following the collapse of Mubarak's regime and the emergence of substantial political uncertainty.

In parallel, it said that Egypt's international reserves dropped by 55% from end-2010 to $16.4bn, covering 3.3 months of imports of goods and services. It added that the country's gross foreign exchange and gold reserves have been declining by about $2bn per month since October 2011 due to the Central Bank of Egypt's (CBE) decision to continue to purchase local currency for dollars in an effort to curb currency depreciation; and to supply the government with foreign exchange funding for debt service. But it expected the CBE to continue supporting the stability of the currency to avoid social unrest, despite a rapid decline in its foreign exchange reserves. It warned that the CBE will not be able to stabilize the currency for many more months if it continues to deplete its stock of foreign reserves. As such, it expected a potential agreement on a financing package with the International Monetary Fund to provide government budget funding, help stabilize foreign exchange reserves, and to prevent a large scale currency devaluation. It added that the funding package will also limit the country's capital flight and stimulate substantial amounts of financing flows from aboard.

Source:Credit Suisse

ECONOMY & TRADE

WORLD

Uncertain economic conditions are CEOs' main concern in 2012

PricewaterhouseCoopers' annual Global CEO Survey 2012 indicated that just 15% of CEOs worldwide expect the global economy to improve in 2012, with confidence down among CEOs across all regions, except for the Middle East and Africa region. The survey indicated that CEOs are better prepared for turbulence as 40% of CEOs worldwide are very confident about their company's prospects for revenue growth over the next 12 months. It attributed the business optimism to improved cost structures, continued strength in cross-border ties and the rise in investment and commerce to and from emerging economies. Further, the survey said that 66% of CEOs plan to initiate cost cuts in 2012, relative to 75% of CEOs who already implemented cuts last year, with CEOs in healthcare and the forestry and paper industries most likely to pare costs. It added that 49% of CEOs plan to enter into a new strategic alliance or joint venture compared to 38% who already sealed an alliance last year. The survey pointed out that uncertain or volatile economic growth this year constitutes the main risk for CEOs across all regions, and that risk is weighing on their plans and strategies for 2012. It noted that many other risks differ in their importance by region. It said that CEOs in both Asia-Pacific and Central & Eastern Europe economies cited the exchange rate volatility and unstable capital markets as the main potential constraints on expansion; CEOs in Latin America considered that rising taxes and over-regulation weigh on their businesses; while those in the Middle East & North Africa named exchange rate volatility and the availability of key skills among their main concerns.

Source: PricewaterhouseCoopers

SYRIA

Inflation pressures increase

Business Monitor International expected the recent increase in Syria's inflation rate to continue over the coming months and to reach 20% at end-2012, as the Syrian pound is likely to come under further downside pressure and as imported inflationary pressures continue to rise in the near-term, mainly on food products. It considered the government's efforts to defend the currency to be ineffective in addressing the problems of low exports earnings, declining foreign reserves, and the loss of confidence in the currency. It said that Syria's headline inflation reached 11% year-on-year last December relative to 5.8% in November 2011. It attributed the rise in prices to the weakness of the Syrian pound, disruptions to supply chains, and the difficulty in transporting goods across the country as a result of the political crisis. It said that inflation within the Housing, Water, Electricity & Gas component of the consumer price basket averaged 1% in 2011, but grew by 3.4% month-on-month in December with transportation prices increasing by nearly 11%. It noted that the monthly increase highlights the government's growing difficulty in maintaining high subsidies on energy products as its stock of foreign currency reserves continue to fall. However, BMI expected inflation to moderate to 10% at end-2013 as the political situation improves, the currency stabilizes and supply chains are restored.

Source: Business Monitor International

CÔTE D'IVOIRE

Post-conflict recovery faces new challenges

Business Monitor International expected Côte d'Ivoire's real GDP growth to exceed 7% in 2012 compared to a 4.8% contraction in 2011, as last year's post-election fighting disrupted cocoa and other exports and damaged the country's infrastructure. But it indicated that the slow growth in the country's main exports markets and falling cocoa prices pose significant challenges to the recovery process. It said that political stability would allow cocoa exports, which constitute the country's main export, to increase and that the government is working to address serious under-investment in cocoa, gold, and other industries. But BMI forecast the country's current account balance to shift to a deficit this year due to the drop in cocoa export prices, along with increased imports for reconstruction. Further, it said that Côte d'Ivoire's cocoa production will drop this year compared to last year's record harvest due to unfavorable weather conditions. However, BMI said the country has other natural resources that could be developed into profitable export industries. It noted that the country is rich in palm oil and coffee, and has underexploited potential in both gold and petroleum. It added that the government is seeking to encourage mining firms to expand the country's gold sector. It noted that the return of a positive investment climate could also lead to an increase in oil exploration.

Source: Business Monitor International

ANGOLA

Current account surplus to be supported by oil and diamond exports

Business Monitor International expected Angola's current account surplus to continue to expand to 19.4% of GDP in 2012 from an estimated 18.5% of GDP in 2011 due to a strong outlook for oil exports and a recovery in diamond exports. But it forecast the large current account surplus to moderate to 11.9% of GDP in 2013. It projected the value of oil exports, which account for around 94% of total exports, at $78.1bn in 2012, up from about $70bn in 2011, as new projects come on stream and existing projects reach peak capacity. But it expected oil exports earnings to moderate slightly to $75.1bn in 2013 as oil prices fall from $107.5/bbl in 2011 to $99.4/bbl in 2012 and $97.2/bbl in 2013. Further, it anticipated Angola's diamond mining sector to expand by an average 4.6% per year during the 2012-14 period, driven largely by strong demand from large emerging markets such as China and India. But it warned about Angola's growing reliance on Asian markets given concerns over a potential slowdown in Chinese and Indian economic growth. In parallel, it anticipated import growth to remain robust in the coming year, as the country's vast offshore sub-salt oil potential and development of infrastructure necessitate an expansion in demand for capital goods. It also forecast food imports to grow in the coming years, as agricultural reform has been very sluggish. BMI expected Angola's current account surplus to be sustained but to fluctuate according to oil export revenues until 2019, as several of oil fields reach maturity and production declines. But it said that further discoveries could provide a considerable boost to oil export earnings beyond 2016.

Source: Business Monitor International

JORDAN

Increase in NPLs and provisioning are key banking challenges

The International Monetary Fund indicated that Jordan's banking sector is sound, as banks are conservative in their funding practices with the loan-to-deposit ratio in local currency at near 73% at end-2011 and as the Central Bank of Jordan (CBJ) continues to exercise prudent regulation and supervision. It stressed that maintaining the exchange rate peg constitutes the cornerstone of financial stability. It said that the sector's macro-prudential indicators continue to be strong as banks are profitable and well capitalized, deposits constitute the major funding base, and liquidity ratios and provisioning are high. But it noted that the sector's non-performing loans increased slightly to 8.5% of outstanding loans as at end-June 2011. It warned from risks of increased non-performing loans and provisioning requirements over the medium term, given that Jordan's growth outlook is likely to remain below its historical average through 2015. In parallel, the IMF indicated that the capacity of the Jordanian banking system to weather shocks has been strengthened by the CBJ's effective oversight. It said the CBJ further improved its banking supervision under Basel II standards through measures to ensure appropriate risk management and corporate governance; as well as the continued semi-annual monitoring of financial soundness indicators. It noted that the CBJ is introducing an automated data collection system to improve off-site monitoring of banks and to allow for a statistical-based early warning system.

Source: International Monetary Fund

TURKEY

Banks' capital adequacy ratio to decline

The International Monetary Fund indicated that the level of non-performing loans (NPLs) in the Turkish banking system declined to historical lows of 2.8% in 2011 due to banks' selling off their NPLs, the restructuring of loans in distress, and the increase in aggregate loans. It expected loan quality to be cyclical in the future as most of the recent increase in lending is concentrated in profitable but potentially-risky uncollateralized consumer lending. It warned that an extended period of economic slowdown would lead to a steady rise in NPLs, which would lower banks' profitability and capital buffers. In parallel, the IMF said that banks operating in Turkey are adequately capitalized based on Basel I requirements, with the sector's capital adequacy ratio (CAR) at 16.4% in 2011, comfortably above the Banking Regulation and Supervision Agency's floor of 12%. But it noted that the sector's CAR dropped from 19% at end-2010 and 21% at end-2009 due to the shift from zero risk-weighted government securities to positive risk-weighted loans during the recent credit boom. It expected the introduction of Basel II requirements in 2012, the recent currency depreciation, and future loan growth to further reduce and constrain banks' CARs. Further, the Fund indicated that nearly 33% of Turkey's banking system has links to parents in peripheral Europe, which would affect the availability and cost of funding. It added that the possible de-leveraging by European banks would further affect Turkish banks' access to wholesale funding.

Source: International Monetary Fund

IRAN

Banking sector under pressure

Business Monitor International indicated that banks operating in Iran will have to significantly restructure their debts if they are to avoid outright defaults and insolvency. It attributed this need to the ongoing political and macroeconomic turmoil, and minimal access to financing. It said that the declining public confidence in the sector, coupled with the steady devaluation of the rial, prompted an outflow of deposits; while the tightening of international sanctions disrupted the banks' ability to tap foreign financing. It considered that the sector's aggregate balance sheet position leaves it poorly-placed to absorb significant losses because the sector is highly leveraged, with loan financing accounting for 53.1% of total liabilities and the sector's loans-to-deposits ratio at 103% at end-March 2011, the latest available data. It said that the sector's non-performing loans stood at 13.5% of total credit at end-March 2011, and expected the NPLs ratio to increase as the country's macroeconomic difficulties intensify. As such, it said that banks face a heavy refinancing burden in the months and years ahead. Further, it pointed out that the Central Bank of Iran recently raised its benchmark interest rate from 12% to 20% in an effort to reverse deposit outflows, but it still projected the sector's total stock of deposits to drop by 20% in 2012. BMI expected the government to intervene with capital injections, but it warned that the mounting pressure on public finances will limit the government's ability to assist banks as the sector's aggregate liabilities amount to 152.8% of GDP.

Source: Business Monitor International

CHINA

Cut in reserve requirement to boost money and credit growth

Citigroup expected the People's Bank of China recent cut of the required reserve ratio (RRR) by 50 basis points to alleviate concerns over policy inaction and boost businesses' confidence in their capital planning. It said that the cut, which constitutes the second reduction since last December, will lower the RRR for large banks to 20.5% and for smaller banks to 18.5%, and will unlock about RMB390bn of deposits and increase banks' excess reserves that can be used to extend loans. It pointed out that China's recent weak data supported the monetary easing with money supply M2 and M1 growing by only 12.4% and 3.1% year-on-year in January, respectively, and posting the slowest increase since 2001. It added that loans in local currency grew by only RMB738bn year-on-year in January relative to an expected RMB1 trillion, while total social financing dropped by half compared with January of last year, indicating rapid weakening of demand. As such, it anticipated additional measures to boost money and credit growth. It said that the People's Bank of China would need to cut the RRR at least three more times to achieve its broad money growth target of 14%. But it noted that excessively high RRR is not the only obstacle for money growth. It pointed out that the loan-to-deposit ratio (LDR) ceiling has constrained small banks' ability to extend more loans, while the anticipated new capital requirement have also led banks to slow the expansion of their balance sheets.

Source: Citigroup

Brent rises above $124 on tensions with Iran and a weaker dollar

Brent prices rose to a nine-month high above $124 per barrel, due to tensions between Iran and the West and a weaker U.S. dollar. Brent crude for April delivery increased by $1.3 to $124.2 per barrel on February 23, after reaching an intraday peak of $124.5 per barrel. U.S. crude futures for April rose by 13 cents to $106.4 per barrel after settling at a nine-month high of $106.3 per barrel the previous day. Japan is expected to cut Iranian imports by 20% or more this year, following reductions planned by other buyers in Asia and Europe as Western sanctions made trade difficult. Also, data from the American Petroleum Institute showed U.S. crude stockpiles rising by 3.6 million barrels in the week to February 17, well in excess of analysts' expectations for a 500,000 barrel increase.
Source: Thomson Reuters

South Sudan, Ethiopia and Kenya to jointly fund new oil pipeline

South Sudan, Ethiopia and Kenya signed an agreement to build an oil pipeline from South Sudan to the port of Djibouti through Ethiopia. The Lamu-Southern Sudan-Ethiopia Transport project is expected to cost $22bn and will be launched next month. The three countries are seeking an external finance source. The project is expected to create business and investment opportunities and to have savings on transport and shipping costs. South Sudan has shut down its oil pipeline that runs through Sudan accusing the latter of stealing an estimated $350m worth of its oil.South Sudan has recently announced austerity measures to adjust to the lack of oil revenue.
Source: Sudan Tribune

South Sudan to review oil contracts signed by government of Sudan

South Sudan said that it has started reviewing all oil contracts signed by the government of Sudan before the independence. Also, South Sudan's government expelled the Chinese head of Petrodar, a consortium of China National Petroleum Corporation and Malaysia's Petronas. Some Sudanese officials have argued that South Sudan's threats against Chinese companies are part of a conspiracy to replace them with Western companies. China is the largest buyer of Sudanese oil.
Source: Sudan Tribune

Chinese firm completes takeover of Anvil Mining in DRC

Minmetals Resources, a subsidiary of state-owned China Minmetals Group has completed a $1.3bn takeover of Australian-based Anvil Mining, gaining control of three copper mines in the Democratic Republic of the Congo. The operation is expected to produce 60,000 tons of copper a year and have a lifetime of 14 years. The deal was confirmed after Congolese state-owned miner Gecamines dropped their demand for a lease review and agreed to the deal. Chinese investments in the DRC has been increasing since an agreement between the two countries was signed in 2007, where the DRC promised China $9bn worth of copper and cobalt in exchange for infrastructure improvements, including 1,800 kilometers of railway track.
Source: Business Monitor International

Base metals: Prices decline on higher Chinese inventories

Prices of base metals declined in the past week, as investors closely monitored the latest developments in Greece and rising inventories in China. Three-month prices of tin fell by 2% week-on-week on February 21, while copper prices declined by 1%. Aluminum, nickel and zinc prices were little changed, while lead prices increased by 1% week-on-week due to a decline in LME stocks. Sharp increases in China's commodity inventories are worrying investors, as rising stocks suggest near-term market surpluses.

Reported copper stocks at Shanghai Futures Exchange warehouses hit a record high of 217 kilo tons as of February 16, equivalent to 11 days of use. Reported aluminum stocks also climbed to an eight-month high of 312 kilo tons. Copper net long positions held by hedge funds increased to a 28-week high as of February 14, up 20% week-on-week. The latest breakdown of China's base metals trade in January shows refined copper imports at 335 kilo tons, up by 37% year-on-year. Overall, China imported 722 kilo tons of contained copper in January, down by 3% year-on-year.
Source: Standard Chartered

Precious metals: Prices lifted by Greece and South Africa

Prices of precious metals rallied in the past week, as Greece secured its latest bailout and due to a weakened U.S. dollar. Palladium and platinum prices led the way higher, with both markets gaining 2% week-on-week. Gold and silver prices both increase by 1% week-on-week. The trend of investor inflows into the platinum group metals continues, due to the problems in South Africa, with palladium being favored over platinum. The net long managed money position in platinum rose 7% week-on-week to 21,000 contracts on February 21, while major physical ETFs for platinum rose by 2% so far in February. Also, the net long managed money position in palladium rose by 15% week-on-week to 9,000 contracts, after reaching a low point in mid-January. Major physical ETFs for palladium increased by 6% so far in February. However, gold and silver investors are turning more cautious. The net long managed-money position in gold declined by 6% week-on-week to 163,000 contracts on February 21, while that in silver rose by 1% to 25,000 contracts.
Source: Standard Chartered

Global Commodity Outlook

(3-months LME, $/ton)	2011	2012f	2013f
Aluminum	2,434	2,225	2,500
Copper	8,814	8,750	10,750
Lead	2,377	2,250	2,600
Nickel	22,940	21,375	21,000
Tin	26,347	26,000	25,500
Zinc	2,209	2,200	2,450
(Spot price, $/ounce)			
Gold	1,588	1,863	2,000
Palladium	732	700	850
Platinum	1,725	1,750	2,050
Silver	36	34	37

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	B 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	Baa1 Negative	BBB 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-	-	-								
	-	Negative	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	Negative	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	25-Jan-12	No change	13-Mar-12
Eurozone	Refi Rate	1.00	09-Feb-12	No change	08-Mar-12
UK	Bank Rate	0.50	09-Feb-12	No change	08-Mar-12
Japan	O/N Call Rate	0-0.10	14-Feb-12	No change	13-Mar-12
Australia	Cash Rate	4.25	06-Feb-12	Cut 25bps	06-Mar-12
New Zealand	Cash Rate	2.50	26-Jan-12	No change	08-Mar-12
Switzerland	3 month Libor target	0.00	15-Dec-11	No change	15-Mar-12
Canada	Overnight rate	1.00	17-Jan-12	No change	08-Mar-12
Emerging Markets					
China	One-year lending rate	6.56	06-Jul-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	Jan-12	No change	Mar-12
Taiwan	Discount Rate	1.88	13-Jan-12	No change	29-Mar-12
South Korea	Base Rate	3.25	09-Feb-12	No change	08-Mar-12
Malaysia	O/N Policy Rate	3.00	31-Jan-12	No change	09-Mar-12
Thailand	1D Repo	3.00	25-Jan-12	Cut 25bps	21-Mar-12
India	Reverse repo rate	8.50	24-Jan-12	No change	15-Mar-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	24-Jan-12	No change	21-Feb-12
South Africa	Repo rate	5.50	Jan-12	No change	29-Mar-12
Kenya	Central Bank Rate	18.00	01-Feb-12	No change	01-Mar-12
Nigeria	Monetary Policy Rate	12.00	30-Jan-12	No change	20-Mar-12
Ghana	Prime Rate	13.50	Feb-12	Raise 100 bps	Apr-12
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	20-Jan-12	No change	16-Mar-12
Brazil	Selic Rate	10.50	18-Jan-12	Cut 50bps	07-Mar-12
Armenia	Refi Rate	8.00	07-Feb-12	No change	N/A
Romania	Policy Rate	5.50	03-Feb-12	Cut 25bps	N/A
Bulgaria	Base Interest	0.18	01-Feb-12	Cut 4bps	N/A
Kazakhstan	Refi Rate	7.00	14-Feb-12	Cut 50bps	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

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