

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Property investments to stagnate in 2012

Figures released by property consultants Cushman & Wakefield project global property investments at \$717bn in 2012, constituting a decrease of 1.4% from \$727bn in 2011. Cushman & Wakefield expected global property investments to remain subdued in the first half of the year, but to increase by up to 20% in the second half despite the current cautious mood in most markets. It said that the increase in activity levels will be driven by a rise in confidence and the growth in investor and tenant demand. It projected commercial property investment volumes in Emerging Asia to reach \$229bn in 2012 and to account for 40% of global trading; followed by North America with \$211bn (29.4%), Western Europe with \$140bn (19.5%), Mature Asia Pacific with \$107bn (15%), Central & East Europe with \$16bn (2.2%), Latin America with \$10bn (1.4%), and the Middle East with \$2.5bn (0.3%). It forecast investment volumes in commercial property to increase by 12% in North America this year, by 9% in the Middle East, and by 1% in Latin America. In contrast, it forecast such investments to drop by 18% in Central & East Europe, 10% in each of West Europe and Emerging Asia, and by 3% in Mature Asia Pacific. Further, it estimated global property investments to range between \$805bn and \$815bn when including multifamily property, relative to \$808bn last year. In parallel, it forecast the change in the global commercial property average prime yields to range between +15 basis points and -10bps, while that of prime rents to fluctuate between zero bps and +5bps.

Source: Cushman & Wakefield

Corporate default rate at 2% at end-February 2012

Moody's Investors Service indicated that the rate of global speculative-grade corporate defaults reached 2% at the end of February 2012, unchanged from the previous month but down from 2.8% at end-February 2011 and relative to 1.8% at the end of 2011. It said that two corporate issuers defaulted in February compared to seven defaults in January this year. The agency indicated that default rates remain low by historical standards and expected this trend to continue over the near term. It forecast the global speculative-grade default rate to increase to 2.6% by December 2012. Measured on a dollar volume basis, the global speculative-grade bond default rate reached 1.5% at end-February, unchanged from end-January 2012 and relative to 1.6% in February 2011 and 1.8% at end-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 19.3% at the end of February 2012, down from 21.3% at end-January 2012 but significantly up from 7.6% at end-February 2011.

Source: Moody's Investors Service

MENA

Tourism to account for 12% of North Africa's GDP by 2022

The World Travel & Tourism Council expected the tourism sector to account for 12% of North Africa's GDP in 2012 and to marginally drop to 11.8% of GDP in 2022. It forecast the broad tourism and travel economy to generate demand of \$77.6bn in 2012, and to grow to \$124.2bn in constant 2011 prices by 2022. It projected the sector's real growth rate at 2.7% in 2012 and to average a real expansion rate of 4.8% during the 2012-22 period. The WTTC expected business travel spending to reach \$11bn this year, and to grow by a real rate of 4.4% annually to \$16.8bn in constant prices in 2022. It also forecast leisure travel and tourism spending to total \$41.6bn in 2012 and to grow by a real yearly average rate of 4.7% to \$66bn in constant prices by 2022. It estimated capital investment in the travel and tourism economy at \$11.1bn in 2012 and at \$19.5bn in constant 2011 prices within 10 years. Further, it forecast the export of tourism services at \$24.7bn this year and at \$40.2bn in constant 2011 prices by 2022, which would account for about 11% of the region's total exports this year and for 10.5% of exports in 2022. It said the travel and tourism economy will provide jobs to 6.2 million people, or 12.3% of the region's total employment this year; with the figure rising to 7.8 million jobs or 12.3% of employment by 2022.

Source: World Travel & Tourism Council

Electronic government improves in Arab world, remains below global trends

The United Nations' E-Government Development Index for 2012 shows that the development of electronic government in the Arab world improved during the past two years, as the region's average score increased to 0.4609 points from 0.4074 points in 2010, but came below the global average of 0.4959 points. The index is a benchmark that provides a numerical ranking about the development of electronic government across member states of the United Nations. It is a composite indicator that measures the willingness and capacity of national administrations to use information and communication technology to deliver public services. The index is a weighted average of three normalized scores on the most important dimensions of e-government, which are the scope and quality of online services, the development status of the telecommunication infrastructure, and human capital. The scores of 15 Arab countries improved and those of three countries deteriorated, while the rankings of 7 countries increased and those of 11 countries dropped from the 2010 survey. The UAE's rank improved by 21 spots, posting the biggest jump among Arab countries, while Jordan regressed the most, dropping by 47 spots from the previous survey. The UAE, Bahrain, Saudi Arabia and Qatar ranked among the top 50 countries globally. The UAE was the highest ranked Arab country and came in 28th place globally, while Mauritania came last in 181st place worldwide.

Source: United Nations, Byblos Research

OUTLOOK

EGYPT

Fiscal deficit to pose most immediate challenge, currency to depreciate by 10%

HSBC Bank expected political uncertainties to continue to weigh on Egypt's domestic and foreign private investments, and for rising unemployment to limit growth in private consumption. It considered that government consumption and investment spending are unlikely to provide a significant stimulus for growth given the pressure on public finances. It added that Egypt's heavy reliance on European demand for its goods and services exports would affect the pace of recovery this year. Further, it expected pressure on the Egyptian pound to continue this year, as the current account remains in deficit and given that reversing capital outflows will take time. It said that Egypt drew heavily on its reserves to maintain currency stability in 2011, which caused reserves to drop from \$43bn before the revolution to less than \$16bn at end-February 2012, of which \$3bn are gold reserves. It said that a substantial but managed depreciation of the currency would moderate market concerns, accelerate the return of foreign capital, and stimulate growth. It expected the Central Bank of Egypt to let the currency depreciate by up to 10% by the end of the second quarter of this year.

In parallel, HSBC anticipated Egypt's fiscal deficit to pose a greater and more immediate challenge. It said that public spending will prove difficult to contain given that debt servicing costs have risen so markedly, populist expectations weigh against spending cuts, and institutional change slows the implementation of reforms. It added that the government will need to raise \$20bn in 2012, equivalent to 9% of GDP, in order to meet its funding needs and to rollover \$50bn of maturing Treasury bills. It noted that the sharp increase in the government's borrowing needs last year depleted the surplus liquidity the banks had at their disposal, particularly as weak economic growth and a pick-up in dollarization has led to a very slow rate of deposit accumulation.

Source: HSBC Bank

DEM REP CONGO

Economic to grow by 6.1% in 2012 despite uncertainties

Business Monitor International projected real GDP growth in the Democratic Republic of Congo (DRC) at 6.1% in 2012 relative to 6.5% in 2011, despite increasing inflation, a difficult business environment, and an unstable political situation. It attributed the slowdown in growth to the effects of higher-than-expected inflation on private consumption and to political gridlock about government expenditures. It expected economic growth to be mainly driven by the mining sector, which is estimated to grow by 28% in 2012 compared to 11% in 2011. It forecast the sector to represent 31.4% of GDP by 2016 relative to 23.8% of GDP in 2010 and for the copper and cobalt output to nearly double by 2016. It pointed out that the Dodd-Frank Act, which requires US-listed companies to declare the exact source of any metals that they buy from the DRC, to only cause disruptions over the short term and that it will not prevent the sector from growing in the long term.

BMI forecast private consumption to grow by 6% in real terms in 2012, unchanged from 2011. It also revised upwards its forecast for inflation this year after the introduction of a 16% VAT in January 2012. It said that the increase in inflation and the perception of price instability will prevent faster growth in private consumption in 2012. Further, BMI projected government spending to grow by 4% in real terms in 2012, constituting a slowdown from last year. It said that last year's public expenditures were raised by populist spending ahead of the 2011 legislative and presidential elections. But it noted that the elections have resulted in a fractious coalition government, which would affect the government's ability to agree on spending plans. In parallel, it forecast exports to rise by 4% in 2012 and by over 10% in each of 2014 and 2015 as a large number of mining projects become operational and start exporting. But it warned that a faster-than-expected slowdown in China, which consumes over 40% of the DRC's exports, is the key risk to the outlook.

Source: Business Monitor International

AFRICA

Average annual growth rate at 7%, long-term economic outlook positive

The Economist Intelligence Unit projected Africa's long-term annual average growth rate at 6% to 7%, supported by a steady flow of investment, strong Asian demand, favorable demographics, good resources, gradual reforms and ongoing development. It expected Africa to grow faster than any other region or country in the world this year, apart from China and India. It attributed the favorable outlook this year to modest inflation, steadier exchange rates, and a smaller debt burden due primarily to the debt write-offs in 2006 and 2007. It forecast East Africa to be the fastest-growing region in the continent and for oil-based economies to dominate growth in West Africa. It also expected Africa to become an increasingly important food supplier to global markets. It said that African countries without major resources but with a strong track record of reforms will also post high growth rates.

Further, the EIU said that solid external demand and the increasing pace of urbanization would sustain long-term growth in Africa, and would limit the probability of short-lived booms. It noted that China and India, as well as other emerging markets, will constitute the main source of new demand for African goods, as growth in OECD countries will be weak and fragile. It added that emerging-market demand will help maintain commodity prices high, which would drive investments in exploration and extraction in Africa. Also, it expected demand for modern goods and services, such as telecommunications and banking services, to accelerate as Africans move to the cities and their disposable income increases. It forecast the continent's top 18 cities to have a combined spending power of \$1.3 trillion by 2030 and for the urban population to account for 63% of Africa's population by 2050. But it warned that the time needed for these forces to translate into actual growth depends on other variables, including democracy and governance, the state of infrastructure and the pace of deregulation. Further, it said that faster growth in recent years has highlighted infrastructure deficiencies, and noted that Africa will need investments of at least \$93bn to improve its power sector.

Source: Economist Intelligence Unit



ECONOMY & TRADE

SYRIA

Tourism contribution to economy this year to post lowest growth rate globally

The World Travel & Tourism Council expected the direct contribution of the travel and tourism (T&T) sector to the Syrian economy to drop by 20.5% to SYP116.8bn in 2012, equivalent to around 4.2% of GDP; and to grow by 4.9% in real terms over the 2012-22 period to SYP188.8bn in 2011 constant prices by 2022, or 4.4% of GDP. It added that the broad T&T economy would generate demand of SYP291bn in 2012, down 19.6% from SYP362bn in 2011, but would rise by 4.9% in real terms over the 2012-22 period to SYP468.4bn in constant prices by 2022. It forecast the total T&T economy to account for 10.5% of GDP this year and to marginally increase to 11% of GDP in 2022. It estimated investment in the T&T economy at SYP28.8bn in 2012, down 13.8% from SYP33.4bn in 2011, and to grow by 4.4% in real terms over the 2012-22 period to SYP44.2bn constant prices by 2022. It forecast investment in the T&T economy to account for 5.8% of total investment in Syria this year, and to remain unchanged by 2022. Further, it forecast T&T visitor exports to generate SYP140bn this year, down 23.4% from SYP182.8bn in 2011; and to increase by 5.6% annually in real terms over the 2012-22 period. It estimated the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry, at 564,000 jobs, or 9.1% of employment this year, down from 684,000 jobs or 11.5% of total employment last year; with the figure increasing to 802,000 jobs or 9.2% of total employment by 2022. Syria ranked in last place globally in terms of the expected growth of the sector's contribution to each of GDP and employment in 2012, as well as in the expected growth in investments in the T&T economy this year.

Source: World Travel & Tourism Council

SUDAN

Fiscal deficit projected at 3.4% of GDP in 2012, revenues and current spending to drop

The government of Sudan projected the fiscal deficit to decline to 3.4% of GDP in 2012 from 4.3% of GDP last year, and estimated the nominal deficit to decrease by 6.3% year-on-year to SDG7.44bn. It forecast revenues to decrease to 10.1% of GDP this year from 12% of GDP last year, and for overall expenditures to regress to 14% of GDP in 2012 from 16% of GDP in 2011. But it projected capital expenditures to grow to 2.3% of GDP in 2012 from 1.6% of GDP last year, and for current spending to decline to 11.6% of GDP this year relative to 14.8% of GDP in 2011. The budget expected external borrowing to double from 1% of GDP last year to 2% of GDP in 2012, and for domestic borrowing to drop from 4.5% of GDP last year to 1.4% of GDP in 2012. It also estimated government borrowing from banks to be equivalent to 0.7% of GDP this year, almost unchanged from 0.8% of GDP last year. The budget assumptions are based on real GDP growth of 2% this year, and an average inflation rate of 17% in 2012 relative to 15% in 2011. The government expects the agricultural sector to contribute 39.4% of GDP this year, up from 34% of GDP last year; and for the industrial sector's contribution to decline to 16% of GDP in 2012 from 20.3% of GDP in 2011. It also estimated the contri-

bution of the services sector at 44.7% of GDP relative to 45.6% of GDP last year.

In parallel, the government expected the trade deficit to deteriorate significantly this year, as it forecast the deficit at \$6.26bn in 2012 relative to a deficit of \$364m last year due to a sharp drop in exports. It forecast overall exports to recede from \$8.5bn in 2011 to \$2.5bn in 2012 due to the drying up of oil exports in 2012 compared to oil exports of \$6.6bn in 2011. Further, it projected non-oil exports to increase from \$1.88bn last year to \$2.5bn in 2012.

Source: Ministry of Finance, Byblos Research

UAE

Government-related entities still facing refinancing risks

The International Monetary Fund indicated that substantial progress has been made on the debt restructuring of the UAE's government-related entities (GRE), but added that the debt of several troubled GREs are still in the process of being restructured. It noted that the GREs still face high refinancing needs and continued reliance on foreign funding. The Fund said the current uncertain global financial environment still constitutes a key risk for GREs, even though they are increasingly managing their upcoming rollovers proactively. It considered that improved transparency and communication would support the market refinancing of GRE debt. It encouraged authorities to improve regulation, oversight and governance to manage the remaining GRE risks. It also cautioned banks to avoid increasing their loan concentration to the GREs and to the government.

Source: International Monetary Fund

INDIA

Wide fiscal deficits to affect credit strength

Moody's Investors Service expected India's wide and persistent fiscal deficits to eventually compromise the country's macro-economic profile. It indicated that India's fiscal weaknesses include the dominance of growth-related taxes and rigidities in expenditures that prevent significant cuts, which would lead to heightened fiscal fragility during a slowdown in growth. But it noted that India's credit strengths, such as its high GDP growth and savings rates, allow the economy to absorb the government's large deficits. It warned that a failure to narrow fiscal deficits would jeopardize these strengths as loose fiscal policy would drive inflation, which would erode the value of accumulated savings, raise capital costs, and discourage investment. Further, it said that the government's fiscal deficit-to-GDP ratio has remained similar to levels posted 10 years ago even though the size of the economy has tripled over the last decade. It pointed out that the government's narrow tax base is keeping India's tax-to-GDP ratio lower than the median of its rating peers, despite the diversification of tax revenues over the last decade. However, it said that India's tax-to-GDP ratio is unlikely to rise to the level of its rating peers without incorporating profitable economic activity that is currently outside the tax framework. Moody's added that the composition of government expenditures has remained rigid over the last decade, with the high level of interest payments reflecting the elevated debt burden.

Source: Moody's Investors Service



BANKING

WORLD

Proposal to improve capital disclosure requirements to raise transparency

Standard & Poor's endorsed the Basel Committee on Banking Supervision's proposals to improve the definition of capital disclosure requirements for banks, as the proposals will contribute significantly to enhancing the understanding of the capital composition of banks. It said that the proposals would require banks to publish details of their capital using common templates, which would improve market understanding and allow greater transparency across banks. It noted that the templates would be published with the same frequency as a bank's financial reports and would be effective from January 1, 2013, when the Basel III framework comes into effect. S&P considered that high quality, comparable disclosures using the common templates would strongly enhance clarity and consistency of banks' capital requirements. It said that this would avoid some of the shortcomings that limit the usefulness of Pillar III reports such as the insufficient timeliness of the reports, the absence of quarterly or semi-annual disclosure in some jurisdictions, the variations existing among banks about the definition of the data items that are disclosed, the aggregation of information according to different classification by preparers, the scarcity of narrative information to support quantitative disclosure, and the lack of common templates that market participants can use efficiently. It considered that the Committee should mandate the data items to be included in the templates, rather than being done at a jurisdictional level. It also supported the Committee's proposal that banks should publish both the post-January 1, 2018 template and the template proposed for the transitional period up to 2018 as frequently as they publish their periodic financial statements.

Source: *Standard & Poor's*

SYRIA

Currency devaluation and inflation pressures accelerate

Business Monitor International estimated that the Syrian pound lost 31% of its value since the beginning of March 2012, and exceeded SYP105 against the US dollar on the black market on March 8th. It noted that the Central Bank of Syria (CBS) has maintained the official exchange rate at SYP57.3 against the US dollar since January 2012. It considered that the ongoing currency depreciation on the black market reflects a loss of confidence in the currency, and that the CBS's inability to defend the pound is caused by its declining foreign reserves. BMI expected the Syrian currency to continue depreciating on the black market and to trade at SYP115 against the US dollar over the short-term. In parallel, it pointed out that the consumer price index rose annually by 15.7% in January 2012, up from 11% in December 2011. It said that inflation within the Housing, Water, Electricity & Gas component of the consumer price basket grew by 18.1% year-on-year and by 16% month-on-month in January, compared to an average rise of 1% in 2011. It noted that the monthly increases highlight the government's growing difficulty in maintaining high subsidies on energy products, as its stock of foreign currency reserves continues to fall.

Source: *Business Monitor International*

IRAQ

Profits of 10 private banks up 59% in first 9 months of 2011

Financial results issued by the Association of Private Banks in Iraq of 10 large private-owned commercial and Islamic banks show that their aggregate assets reached IQD5,578m at the end of September 2011, constituting an increase of 9% from end-2010. The banks' loans totaled IQD1,260.2m at end September, reflecting a rise of 17.3% from the end of 2010. Also, the banks' deposits reached IQD4,037m at the end of September, up 3.7% from end-2010. Further, the aggregate shareholders equity of the 10 banks reached IQD1,398.6m at end-September, constituting an increase of 26% from end-2010; while the banks' aggregate reserves stood at IQD46.5m at end-September 2011. In parallel, the aggregate net profits of the 10 banks reached IQD164.7m in the first nine months of 2011, constituting an increase of 58.6% from IQD103.9m in the same period of 2010. North Bank for Finance & Investment is the largest bank among the 10 banks in terms of assets, followed by Baghdad Bank, Iraqi Middle East Bank for Investment, Dar Al-Salam Investment Bank, United Bank for Investment, Kurdistan International Bank for Investment & Development, Credit Bank of Iraq, and Mansour Bank for Investment, Elaf Islamic Bank and Investment Bank of Iraq. There are 23 private banks, 11 Islamic banks and 8 foreign banks operating in Iraq, but the two state-owned banks account for about 85% of the sector's assets.

Source: *Association of Private Banks in Iraq, Byblos Research*

TURKEY

Banks' ratings affirmed, outlook stable

Capital Intelligence affirmed the long- and short-term foreign currency ratings of Türkiye İs Bankası (İsbank), Türkiye Garanti Bankası (Garanti), Yapı ve Kredi Bankası (YKB), Akbank, and Albaraka Türk Katılım Bankası (ATKB) at 'BB' and 'B' respectively; while it affirmed those of DenizBank (DZB), Kuveyt Türk Katılım Bankası (KTKB) and Türkiye Finans Katılım Bankası (TFKB) at 'bb' and 'b', respectively. It assigned a 'stable' outlook to all banks foreign currency ratings. Further, the agency affirmed the Financial Strength Rating (FSR) of İsbank and Garanti at 'BBB+', YKB at 'BB+', ATKB at 'BB' and DZB at 'bb+'. It also raised the FSR of Akbank to 'A-' from 'BBB+', the rating of KTKB to 'bb+' from 'bb' and that of TFKB to 'bb-' from 'b+'. It said that İsbank's ratings are supported by its improving asset quality, full coverage of NPLs by loan-loss reserves and sound capital ratios, but are constrained by its reduced liquidity and by the decrease in operating and net profits. It noted that Garanti's ratings reflect the bank's low level and fully covered NPLs, and good cost structure and capital ratios. It added that Akbank's ratings are supported by the bank's very low and fully covered NPLs, strong capital ratios and very good cost structure, but are constrained by the relatively slow growth of customer deposits. İsbank is Turkey's largest bank in terms of assets with a 16% market share, Garanti ranks third, Akbank is fourth, and YKB is the country's fifth biggest bank.

Source: *Capital Intelligence*



ENERGY / COMMODITIES

Brent prices decline on higher U.S. stocks, but remain above \$124 per barrel

Brent crude prices declined on March 15, extending losses for a second straight session due to a stronger dollar and higher U.S. crude inventories. The U.S. dollar reached an 11-month high against the yen and a one-month peak against the euro. However, prices stayed above \$124 per barrel as worries over Iranian supply supported sentiment. ICE Brent crude prices decreased by 12 cents to \$124.9 per barrel on March 15, after settling at \$125 per barrel on the previous day. Also, U.S. April crude rose 33 cents to \$105.8 a barrel after settling down at \$105.43 the previous day. Crude stocks at Cushing in Oklahoma increased by 2.5 million barrels to a nine-month high. Growing tensions over the disputed nuclear program in Iran elevated crude oil prices in recent months, with Brent gaining more than 16% so far this year and U.S. oil up by about 7%.

Source: Thomson Reuters

GCC oil and gas reserves worth \$65 trillion

Oil and gas reserves of the Gulf Cooperation Council (GCC) countries are estimated at \$65 trillion at current export prices. This is equivalent to one-third of the \$200 trillion value of world oil and gas reserves. The rest of the MENA region has the next largest share of hydrocarbon reserves at 23% of the total, followed by Europe & Eurasia with 16%. Saudi Arabia accounts for around 50% of total GCC hydrocarbon reserves. The GCC's 495 billion barrels of oil account for 36% of global oil reserves and its 42 trillion cubic meters of gas account for 22% of global gas reserves.

Source: QNB Capital

Abu Dhabi most insulated from Strait of Hormuz closure

Fitch Ratings expected Abu Dhabi to become the oil producing member of the GCC that is best insulated from a closure of the Strait of Hormuz, once the Habshan-Fujairah pipeline is fully operational in the second half of 2012. It said that the pipeline would enable Abu Dhabi, which has the world's second largest per capita reserves of hydrocarbons, to continue to export up to around 66% of its oil output, or around 75% of its current net oil exports, by bypassing the Strait of Hormuz and delivering oil to the Gulf of Oman. It noted that Saudi Arabia has the advantage over Abu Dhabi in case the Strait of Hormuz closes before the completion of the Habshan-Fujairah pipeline, as the Kingdom has access to the Red Sea through the East-West pipeline.

Source: Fitch Ratings

EU bans International Group of P&I from underwriting insurance to shipping companies in Iran

The European Union banned the International Group of P&I Clubs from underwriting protection and indemnity (P&I) insurance to shipping companies that transport crude and petroleum products from Iran. The International Group members insure 95% of tanker ships currently operating worldwide. The insurance ban comes ahead of the July 1 implementation of sanctions that prohibit importing Iranian oil to Europe. Iran provides 6% of global crude oil exports and tanker rates are likely to decline quickly once loadings are reduced.

Source: Standard & Poor's

Base metals: Prices rise despite mixed signals from China

Prices of base metals increased in the past week due to improving risk appetite. Tin prices were particularly volatile and led the way higher after a period of weakness. Three-month tin prices increased by 6% week-on-week, but were still down 5% month-on-month. Aluminum prices were unchanged week-on-week, while other markets were 3% to 4% higher week-on-week.

In parallel, Chinese production of refined copper rose by 7% year-on-year in the first two months of 2012, versus a 19% annual rise in fabricated copper. Also, China's weak production figures for lead, tin and zinc were supportive of prices. Lead production rose by 2% year-on-year in the first two months of 2012, while tin production dropped by 5% in the same period. Also, zinc production declined by 2% in the first two months of 2012. Further, copper, aluminum, lead and zinc trading firms reported increasing business flows since end-February, but with a magnitude of recovery significantly lower than during the same period last year.

Source: Standard Chartered

Precious metals: Platinum prices rebound as risk appetite returns

Prices of precious metals recovered in the past week as the macroeconomic backdrop remained supportive and Greece's second bailout was approved. Palladium and platinum prices both increased by 5% week-on-week on March 13, while gold and silver prices increased by 1.5% and 2%, respectively.

Further, the latest data from the U.S. Commodity Futures Trading Commission shows that money managers cut their long positions sharply in the week to March 6, as the U.S. dollar strengthened. Net long managed money positions in gold dropped by 26% week-on-week on March 13 to a six-week low of 145,997 contracts. Also, major gold ETFs increased by 1.5% since February 1st. Major physical ETFs for platinum increased by 6% since February 1, while ETFs for palladium rose by 10% over the same period. Net long speculative positions fell for both markets, but still look overextended.

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					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
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+	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-	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	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+	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	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-	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	CCC Stable	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Negative	A2	-	A	A Stable	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
Qatar	AA- Stable	Aa2 Stable	-	AA-	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-	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-	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-	-	-	-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	25-Jan-12	No change	13-Mar-12
Eurozone	Refi Rate	1.00	08-Mar-12	No change	04-Apr-12
UK	Bank Rate	0.50	08-Mar-12	No change	05-Apr-12
Japan	O/N Call Rate	0-0.10	14-Feb-12	No change	13-Mar-12
Australia	Cash Rate	4.25	06-Mar-12	Cut 25bps	03-Apr-12
New Zealand	Cash Rate	2.50	08-Mar-12	No change	26-Apr-12
Switzerland	3 month Libor target	0.00	15-Dec-11	No change	15-Mar-12
Canada	Overnight rate	1.00	08-Mar-12	No change	17-Apr-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	22-Mar-12
South Korea	Base Rate	3.25	08-Mar-12	No change	13-Apr-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	21-Feb-12	No change	27-Mar-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	Apr-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	01-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	9.75	07-Mar-12	Cut 75bps	18-Apr-12
Armenia	Refi Rate	8.00	07-Mar-12	No change	N/A
Romania	Policy Rate	5.50	03-Feb-12	Cut 25bps	N/A
Bulgaria	Base Interest	0.15	14-Mar-12	Cut 3bps	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



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.
Damascus Head Office
Al Chaalan - Amine Loutfi Hafez Street
P.O.Box: 5424 Damascus - Syria
Phone: (+ 963) 11 9292 - 3348240/1/2/3/4
Fax: (+ 963) 11 3348205
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 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14
Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807
(+ 964) 780 9133031/2
(+ 964) 1 7177493
E-mail: baghdadbranch@byblosbank.com.lb

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 6336050 - 2 6336400
Fax: (+ 971) 2 6338400
E-mail: abudhabirepoffice@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362
Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

CYPRUS

Limassol Branch
1, Archbishop Kyprianou Street
Loucaides Building
P.O.Box 50218
3602 Limassol - Cyprus
Phone: (+ 357) 25 341433/4/5
Fax: (+ 357) 25 367139
E-mail: byblosbankcyprus@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Rue Montoyer 10
Bte. 3, 1000 Brussels - Belgium
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House - Suite 5
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 207 493 3537
Fax: (+ 44) 207 493 1233
E-mail: byblos.europe@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., 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
Khartoum Head Office
Intersection of Mac Nimer and Baladiyya Streets
P.O.Box: 8121 - Khartoum - Sudan
Phone: (+ 249) 1 56 552 222
Fax: (+ 249) 1 56 552 220
E-mail: byblosbankafrica@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

DEMOCRATIC REPUBLIC OF CONGO

Byblos Bank RDC S.A.R.L
Avenue du Marché No. 4
Kinshasa-Gombe, Democratic Republic of Congo
Phone: (+ 243) 81 7070701
(+ 243) 99 1009001
E-mail: byblosbankrdc@byblosbank.com

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

