

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global trade grows by 5% in first quarter of 2012

The World Trade Organization indicated that global merchandise trade reached \$9,013bn in the first quarter of 2012, constituting an increase of 5.3% from the same period in 2011 and a decline of 2.1% from the previous quarter. It said that world exports rose by 5.3% year-on-year to \$4,469bn and global imports reached \$4,544bn in the first quarter, up 5.4% from the same period last year. It noted that exports from Europe totaled \$1,625bn and rose by 1% year-on-year. Also, exports from the 27-member European Union totaled \$1,478bn, with intra-EU trade declining 2.3% to \$948bn and extra-EU trade increasing by 5.8% to \$531bn. Further, exports from Asia totaled \$1,418bn, up 4.1% year-on-year, and those from North America grew by 8.3% to \$585bn. Also, exports from the Commonwealth of Independent States (CIS) rose by 19.3% to \$196bn and those from South & Central America increased by 11% to \$180bn year-on-year. In parallel, Imports to Europe totaled \$1,682bn in the first quarter, down 0.7% from the same period in 2011, as imports to the EU reached \$1,534bn and regressed by 0.7% year-on-year. Asian imports rose 9.4% to \$1,498bn, those to North America increased by 8.3% to \$770bn, while imports to South & Central America improved by 11.3% to \$173bn and those to the CIS increased by 12.5% to \$125bn. Source: World Trade Organization, Byblos Research

Corporate default rate at 2.7% at end-May 2012

Moody's Investors Service indicated that the rate of global speculative-grade corporate defaults reached 2.7% at the end of May 2012, up from 2.6% in April 2012 and compared to 1.8% at the end of 2011. It expected a modest increase in the default rate over the next few months as spreads have widened and the economic recovery continues to disappoint. It said that a total of 31 corporate debt issuers defaulted so far this year, five of which defaulted in May. The agency forecast the global speculative-grade default rate to increase to 3.1% by the end of 2012 and to reach 3% by May 2013. It noted that these projections are low compared to the historical average of 4.8% since 1983. Measured on a dollar volume basis, the global speculative-grade bond default rate reached 1.8% at end-May, up from 1.7% at end-April 2012 and relative to 1.5% at end-May 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 18.6% at the end of May 2012, up from 17% at end-April 2012 and 6.6% at end-May 2011.

Source: Moody's Investors Service

MENA

Region's private wealth to grow by 6.6% in 2011-2016

The Boston Consulting Group projected private financial wealth in the Middle East and North Africa to reach \$6.1 trillion in 2016 and to expand at a compound annual growth rate (CAGR) of 6.6% between 2011 and 2016. It expected the region's private wealth to account for 4% of the global private financial wealth in 2016, higher than Latin America's share of 3.6% and Eastern Europe's share with 1.9%, but lower than that of North America (27.5%), Asia-Pacific (26.5%), Western Europe (24.3%) and Japan (12.2%). Also, it forecast the region's private wealth would grow faster than the global CAGR of 4.3%, North America and Western Europe (1.8%, each) and Japan (0.8%), but to expand at a slower rate than Asia-Pacific (11.1%), Latin America (8.9%) and Eastern Europe (8.7%). Households with financial wealth of less than \$1m would account for 45% of the region's private financial wealth by 2016 compared to 47% in 2011; followed by households with wealth between \$1m and \$100m with 46% of the total relative to 44% in 2011; and the ultra-high-net-worth (UHNW) households whose wealth exceeds \$100m with 10% of the total relative 9% in 2011. It forecast the wealth of the UHNW segment and the \$1m to \$100m category to post a CAGR of 8% each during the 2011-16 period, and that of households with wealth of less than \$1m to post a CAGR of 5% during the covered period. The region's private wealth grew by 4.7% to \$4.5 trillion in 2011, driven by high savings rates and strong GDP growth in oil-rich countries. Source: Boston Consulting Group

Favorable trends for M&A deals

Figures issued by Standard & Poor's show that there were 126 merger & acquisition deals in the Middle East & North Africa region, including Turkey, in the first quarter of 2012, constituting an increase of 11.5% from 113 deals in the same quarter last year and compared to 120 deals in the fourth quarter of 2011. Also, the aggregate value of M&A deals in the region reached \$6.4bn in the first quarter, down 54% from \$13.9bn in the same quarter of 2011 but up 113.3% from \$3bn in the last quarter of 2011. It said that there were 92 deals in the period from end-March to June 6, 2012 and were valued at \$11.9bn, compared to deals worth \$5.3bn in the second quarter last year. It noted that the second quarter volume of M&As in the MENA region could exceed the \$13.9bn in the first quarter of 2011. S&P pointed out that the favorable economic environment and the abundance of petrodollars are shaping this positive trend, adding that prospects seem favorable for M&A activity in the region. The aggregate value of M&A deals in the region reached \$26.1bn in 2011, constituting a decrease of 27% from \$35.9bn in 2010. Source: Standard & Poor's

OUTLOOK

EMERGING MARKETS

Net private capital inflows to drop by 12% to \$912bn in 2012

The Institute of International Finance expected total net private capital inflows to emerging markets to reach \$912bn in 2012, constituting a drop of 11.5% from \$1,030bn in 2011. It said that it revised upwards its forecast for inflows to Emerging Asia by \$165.1bn from a January forecast, and adjusted downwards its projections for Latin America by \$3.7bn, to Emerging Europe by \$1.3bn and to the Middle East & Africa by \$1.3bn for 2012. It attributed the large upward revision for Emerging Asia to continued strong FDI inflows to China. Also, it forecast aggregate net private capital inflows to emerging markets to accelerate to \$994bn in 2013. But it said that the outlook for capital flows to emerging economies for 2012 and 2013 remains subdued. It noted that the outlook is subject to unusually large downside risks, many of them related to emerging markets. It said risks specific to emerging markets include the growing perceptions that China's currency may have appreciated sufficiently in real terms; the political turmoil in parts of the Middle East; and measures taken by countries in Latin America that discouraged inflows. It also expected the global financial tensions to intensify in case a Eurozone member abandons the common currency, which would have severe repercussions on capital flows to emerging markets.

The IIF forecast net direct investment to emerging economies to decrease from \$524bn in 2011 to \$499bn in 2012 and \$481bn in 2013. It estimated net portfolio investment in emerging markets at \$21bn last year and expected inflows to increase to \$61bn in 2012 and \$96bn in 2013. Also, it forecast net commercial bank lending to post net inflows of \$73bn in 2012 and \$123bn in 2013 relative to \$143bn in 2011. It considered that the Eurozone crisis has damaged the willingness and ability of investors and lenders to supply financing to emerging economies. It estimated net non-bank private lending to drop from \$342bn in 2011 to \$279bn in 2012 and \$294bn in 2013. It also projected net lending by official creditors to decrease from \$63bn last year to \$46bn this year and \$51bn next year.

Source: Institute of International Finance

MENA

Growth prospects dependent on resolution of regional conflicts

The World Bank projected economic growth in the Middle East & North Africa at 0.6% in 2012 relative to 1% in the previous year, compared to growth of 5.3% for developing nations and 2.5% for the global economy. The World Bank's growth forecast for the MENA geographic region becomes 2.4% in 2012 relative to 3.2% in 2011 when including GCC economies. It expected countries with poor resources and abundant labor to grow by 2.2% in 2012 compared to 1% in 2011, and projected real GDP in economies with rich resources and abundant labor to contract by 0.4% in 2012 relative to growth of 1.1% in 2011. It considered that prospects for the region depend on the resolution of regional conflicts, tensions and transitions. It said that the projected recovery in the MENA region is uncertain and is contingent on assumptions of a gradual easing of social unrest

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during 2012 and a return to more normal conditions during 2013 and 2014. It projected the region's current account balance to post a surplus of 1.8% of GDP this year, down from 3.4% of GDP in 2011, and forecast the fiscal deficit at 4.7% of GDP in 2012 up from 1.8% of GDP in 2011.

The World Bank warned that a significant deterioration of conditions in the Eurozone and the global economy in the second half of the year would lead to a fall in the region's GDP of 3% in 2012 and 4.4% in 2013. It said that key channels of transmission would include trade, tourism, remittances, financial flows, and a drop in local business and consumer confidence, which would potentially sustain the downturn for a longer period of time. Further, it noted that economic tensions are growing within the region, with several countries coming under increasing pressure to finance their widening fiscal and current account deficits. The Bank said that these countries could be forced to cut radically their government spending and imports, and potentially seek assistance from the international community if financing difficulties become more pronounced.

Source: World Bank

ANGOLA

Fiscal surplus to rise, vulnerabilities remain

Business Monitor International expected Angola's fiscal surplus to increase to 5.7% of GDP in 2012 from an estimated 3% of GDP in 2011 despite a double-digit increase in government spending, as rising oil revenues are more than covering the increase in government spending. It estimated that oil receipts would increase by 24.4% in 2012 given that a variety of projects are increasing oil production capacity. It said that the Angolan government is working to diversify revenues away from oil, which would account for 78.8% of government revenue this year. It noted that the country is currently addressing tax evasion and reforming the tax system. It added that a recent law that forces oil exporters to source 80% of their financial services from Angolan banks will boost the local financial sector, and potentially increase tax revenues. It considered that the government's investment in education and in infrastructure, along with the country's political stability and improving business environment, would encourage investment in other industries in the long run, which would widen the economic base. But it expected petroleum revenues to remain the government's main source of fiscal support over the long-term.

In parallel, it forecast government spending to increase by 13% in 2012, with current expenditures jumping by 15.7% and capital expenditure increasing by 8.7%. It said that the growth in capital spending has remained high over the past five years as the country rebuilds its infrastructure and transport network. Further, it said that wages and salaries, which account for about 40% of government spending, are likely to increase as the government works to enhance its popularity ahead of the upcoming parliamentary elections later this year. BMI expected current expenditures to rise steadily over the long-term, with increased spending on health and education services. BMI warned that Angola's overdependence on oil revenues makes its public finances highly vulnerable to a fall in commodity prices.

Source: Business Monitor International

June 14, 2012

ECONOMY & TRADE

MENA

Insurers' ratings steady despite regional uncertainties

Rating agency A.M. Best indicated that insurers and reinsurers in the Middle East and North Africa region have shown resilience in the past 12 months despite the Arab Spring, political uncertainty in the region, and a challenging operating environment due to the slowdown of global financial markets. It said that it maintained a 'secure' rating for all rated entities over the past 12 months, which is indicative of a Financial Strength Rating (FSR) of 'B+' or higher, and an Issuer Credit Rating (ICR) of 'bbb-' or higher. It added that there has been no significant downwards shift in ratings despite the continuing uncertainties in the region. It noted that 48% of rated insurers have an FSR of 'B++', 29% carry a rating of 'A-', 14% have an FSR of 'B+' and 9% are 'A'-rated. It added that the FSR of 80% of insurers have a 'stable' outlook, 14% carry a 'negative' outlook, and the remaining 6% have a 'positive' outlook. It stated that insurance and reinsurance companies in the region increased their demand for ratings as regulatory pressures and the desire to gain a competitive advantage in fragmented markets increased. The UAE accounts for 25% of the number of rated insurers in the MENA region, followed by Jordan and Bahrain (14% each), Kuwait (11%), Lebanon (9%), Saudi Arabia (6%), and Morocco, Algeria, Oman, Qatar, Tunisia and Turkey (3% each).

Source: A.M. Best

QATAR

Current spending to rise by 43% in FY2013, fiscal surplus at 8% of GDP

Merrill Lynch indicated that Qatar's announced budget for fiscal year 2013 is prudently expansionary and is supportive of growth. It said that the budget forecast a surplus of QAR27bn for FY13, constituting the eighth surplus in the past nine years, with budgeted expenditures rising by 28% year-on-year to QAR179bn, and revenues projected at QAR206bn, up 27% year-on-year. It noted that the budget raised the oil price assumption by \$10 p/b to \$65 p/b. However, it expected the fiscal surplus to be twice the budgeted amount and to reach QAR53bn, or 8% of GDP, for FY13 based on revised average oil prices of \$107 p/b for FY13. It forecast oil revenues to account for 33% and for gas royalties and taxes to account for 20% of total revenues, while investment income from Qatar Petroleum and non-hydrocarbon revenues would account for 25% and 22% of aggregate income, respectively. It attributed the large increase in budgeted expenditures mainly to a 43% rise in current spending from the FY12 budget. It noted that the wage bill is set to increase by 20% due to the raise in public salaries at a permanent annual cost of QAR10bn, and to the growth by 16% of other current spending. It added that capital spending is projected to increase by 7% from FY12 budget to QAR62bn. Merrill Lynch expected the breakdown of capital spending to remain broadly similar to that of FY12 capital spending on utilities accounting for around 33% of such expenditures, and communication & transportation and land reclamation for 20% each.

Source: Merrill Lynch

INDIA

Investment-grade rating at risk

Standard & Poor's warned that India may lose its investment-grade rating due in part to slowing GDP growth and political roadblocks to economic policy-making. It said that the Indian government's reaction to potentially slower growth and greater vulnerability to economic shocks would largely determine whether the country can maintain an investment-grade rating or become the first BRIC nation to be downgraded to below-investment grade. The other BRIC economies, Brazil, Russia and China, have an investment grade rating. It noted that setbacks or reversals in India's path toward a more liberal economy would hurt its long-term growth prospects and, therefore, its credit quality. It pointed out that the combination of a weakening political context for further reforms, along with economic deceleration, raises the risk that the government may take steps away from economic liberalization in the event of unexpected economic shocks. It noted that such potential steps would reverse the country's liberalization of the external and financial sectors. However, it said that the Indian economy remains in much better shape to withstand the period of heightened global uncertainty than it was in the early 1990s, when it suffered a balance-of-payments crisis. Last April, S&P revised the outlook on India's sovereign ratings to 'negative' from 'stable' due to lower GDP growth prospects and the risk that the country's external liquidity and fiscal flexibility may erode.

Source: Standard & Poor's

DEM REP CONGO

Infrastructure challenges affecting growth

The World Bank indicated that the Democratic Republic of Congo's (DRC) infrastructure challenges have a major impact on economic development, private sector growth, and employment. It said that only four out of 10 provincial capitals are linked by road to the capital Kinshasa; less than 10% of the population have access to electricity; the country does not have a national telecommunications backbone; and port costs are substantially higher and delays are longer than elsewhere. The World Bank said that less than 10% of households have access to electricity, one of the lowest rates in Africa, creating a major bottleneck to social and economic development. It noted that frequent power interruptions severely penalize private enterprises, which have to incur the additional cost of purchasing back-up generators. It pointed out that large companies in the country are increasingly establishing and managing their own infrastructure to overcome the absence of public services. It said that almost all companies employing 100 or more people have their own generators, and only 39% of these companies consider the lack of electricity to be a serious obstacle to growth. In contrast, it noted that only 33% of companies employing fewer than 20 people own generators, and the majority of those companies consider the lack of electricity to be a serious obstacle. The World Bank noted that unreliable transportation is limiting access to employment and the development of the private sector.

Source: World Bank



BANKING

WORLD

Move to Basel III leading to risk-return tradeoffs

Fitch Ratings expected banks that are preparing to meet Basel III capital standards by 2019 to face increasingly difficult trade-offs if they aim to boost their return on equity (ROE) while adhering to increasingly stringent regulatory capital guidelines. It forecast that the median ROE for 29 global systemically important financial institutions will likely remain constrained over the next few years as higher equity capital requirements, in addition to other regulatory costs and revenue pressure, will challenge banks' profitability. It noted that future equity returns might fall to the high single-digit range due to the Basel III increase in minimum capital requirements, unless banks change their earnings dynamics. It pointed out that the median ROE for the 29 banks weakened to 7.5% in 2011, highlighting the difficulties that large banks are already facing in adapting to a more difficult operating environment driven by subdued economic growth, the effects of historically low interest rates on bank margins, and rising regulatory costs. Further, Fitch said that banks will potentially face pressure from equity holders to seek ways to avoid the constraints of new capital requirements by shifting their business mix over time. It noted that this may lead some banks to minimize lending activities that require increased capital charges under Basel III. It said that some banks would seek to increase their ROE by favoring higher yielding and riskier activities that are not fully captured by the Basel III rules, including new forms of regulatory arbitrage.

Source: Fitch Ratings

UAE

Banking sector can handle a significant increase in NPLs

The International Monetary Fund's stress tests show that the UAE banking system would handle a significant increase in non-performing loans (NPLs), though individual banks could fall below regulatory norms. It said that its baseline scenario assumes that the NPLs ratio of local banks would reach 10% on average compared to 6.8% at end-2011, and rise to 15% at Dubai banks from 10.6% at end-2011. Its baseline scenario reflects potential NPLs from the restructuring of Dubai Holding and Dubai Drydocks, loans that have been rescheduled more than once, and losses incurred by some real estate companies in Abu Dhabi. Further, under the baseline scenario, the IMF expected the capital adequacy ratio (CAR) to fall to 19.1% from 20% at end-2011 and the Tier One ratio to drop to 13.8% from 15% at end-2011. However, under the IMF's stress scenario of a further 50% increase in NPLs, the CAR would decrease to 15.9% and the Tier One ratio would decline to 10.5%. It added that the average Tier One ratio of Dubai banks would fall below the regulatory minimum of 8%. In parallel, the IMF said that a foreign funding shock would generate some liquidity tightening in the banking sector. It noted that stress tests show that the banking system can address moderate external liquidity shocks with its own resources, and that the Central Bank's stock of foreign currency reserves would be sufficient to address a strong shock scenario. But it said that stress tests do not reveal differences in liquidity levels at individual banks, as the tests are done on the sector's consolidated balance sheet. It added that

any impact on banks' liquidity would be compounded by the possible effects of an oil price shock.

Source: International Monetary Fund

SUDAN

Money dealers raise exchange rate

The Union of Foreign Exchange Bureaus announced that exchange bureaus in Sudan started using an exchange rate of 5.53 pounds for the US dollar compared to the official rate of 2.67, in a bid to match the dollar's value on the black market and prevent further depreciation of the local currency. It said that the daily fixed quota of \$3,500 allocated to each exchange bureau by the Central Bank of Sudan (CBoS) had been leaking to the black market, with some traders presenting fake travel documents in order to purchase dollars at the official rate and sell them in the black market. Last week, the Sudanese pound reportedly reached an all-time low of 5.55 pounds against the US dollar on the black market as the CBoS failed to supply forex bureaus with enough hard currency to meet demand. The CBoS announced in May a new mechanism to meet foreign currency demand for imports, with the objective to neutralize the parallel market. It said that it will consider foreign exchange requirements for new imports, regardless of the type of the imported commodity, at a new rate of 4.9 pounds per US dollar. It also authorized exchange bureaus to provide foreign currency to the public at the new rate of 5.2 pound per US dollar, among other measures. The IMF projects foreign currency reserves at \$0.1bn at the end of 2012 and 2013.

Source: Sudan Tribune, Thomson Reuters

CHINA

Revised capital rules to have minimal effect on banks

Standard & Poor's indicated that the China Banking Regulatory Commission's (CBRC) revised bank capital rules are in line with Basel III and will only have a minor effect on the ratings of Chinese commercial banks. It said that the CBRC has set the minimum capital adequacy ratio at 10.5% for commercial banks and at 11.5% for systemic banks. It noted that the revised norms will be phased in starting on January 1, 2013 and will fully go into effect by end-2018, which would offer a slight relief for banks by extending the implementation timeline. Further, the new norms allow Chinese banks to include counter-cyclical loan loss provisions as Tier 2 capital. They also reduce credit risks weights for exposure to small businesses, micro loans, retail loans and public sector entities, in line with international norms. The agency estimates the risk-adjusted capital ratios of the major banks at between 6% and 7% currently, which reflect "moderate" capitalization. It indicated that major state-owned systemic banks face higher requirements and need to retain more profits to build up their capital in coming years. Also, S&P considered that the change of the implementation timetable and the modifications to credit risks weights reveal concerns by policymakers that the severe capital requirements could constrain credit supply at a time when the economy is slowing down. It stated, however, that it remains to be seen if the new credit risk weights accurately capture the risks for each asset class.

Standard & Poor's



ENERGY / COMMODITIES

Brent prices steady above \$97 ahead of OPEC meeting

Brent crude prices increased above \$97 on June 14, trading in a narrow range, as investors were reluctant to take positions ahead of Organization of the Petroleum Exporting Countries' (OPEC) meeting and the Greek elections. Investors are also awaiting news on whether Greece will stay in the Eurozone. Concerns over economic uncertainty in the United States and Europe have dominated oil markets in recent months, often overshadowing supply and demand indicators. Brent crude prices rose by 26 cents to \$97.4 a barrel on June 14, after declining to \$96.8 in the previous day, while U.S. crude prices gained 20 cents to \$82.8 a barrel. Both Brent crude and U.S. crude prices fell by about 25% from their highs in March 2012. The U.S. Energy Information Administration showed that domestic crude stockpiles declined by 191,000 barrels last week, as refiners raised operations to their highest level since 2007.

Source: Thomson Reuters

Brent and WTI prices forecast at \$106 p/b and \$97 p/b, respectively, in second half of 2012

Merrill Lynch lowered its crude Brent and WTI oil price forecasts for the second half of 2012 to \$106 per barrel (p/b) and \$97 p/b, respectively, from \$116 p/b and \$107 p/b previously. It also lowered its price forecasts for Brent and WTI for next year to \$110 p/b and \$100 p/b, respectively, down from \$120 p/b and \$111 p/b previously. It attributed its decision to the increased possibility of a banking crisis in Europe, and lower oil demand. It added that if fiscal and monetary responses were not implemented in Europe, it will further lower Brent forecasts for the next 18 months to \$60 p/b.

Source: Merrill Lynch

Iraq's oil industry faces challenges

Business Monitor International indicated that the development of Iraq's post war oil industry is facing challenges due to unappealing licensing terms, regulatory uncertainty, and ongoing security concerns engulfing the country. It said that Iraq has set an oil production target of 11 million barrels per day by 2020, but it added that this is an ambitious estimate in view of the current established regulations and business environment. Also, it pointed out that international operators are divesting their stakes away from key oil and gas projects in Iraq. It warned that Iraq's oil production would reach 7.9 million barrels per day by 2020 unless the country changes its strategy soon.

Source: Business Monitor International

Iraq and Jordan sign MoU in energy sector

The Iraqi Oil Ministry and its Jordanian counterpart signed a Memorandum of Understanding (MoU) for oil and energy cooperation. The five-year agreement stipulates the construction of a pipeline to transport crude oil and natural gas from Iraq through the Jordanian territory. The agreement also states that Iraq would supply Jordan with the needed crude oil and natural gas, depending on their availability.

Source: AK News

Base metals: Copper prices to average at \$7,800 a ton in 2012

Three-months copper prices are expected to remain weak in the near-term despite monetary easing in China, as average copper prices are forecast at \$7,800 a ton in 2012 and \$7,200 a ton in 2013. Copper prices rose by 0.4% to \$7,424 a ton on June 14 on the London Metal Exchange. Also, global copper supply is expected at 340 kilo tons in 2012 and 285 kilo tons in 2013, as consumption growth slows in major consuming countries, including the U.S., China and Europe. Further, major copper mine projects are starting initial production in 2012 and 2013.

In parallel, some of the world's largest copper miners will increase copper supply growth, with Chile and Peru expanding copper production by an annual average of 3.2% and 5.7%, respectively, between 2012 and 2016. Global copper demand is largely driven by dynamics in the Chinese economy, as it is the world's largest consumer of copper and accounts for around 39% of global demand in 2012. China's share is projected to rise as developed markets represent a smaller proportion of global consumption.

Source: Business Monitor International, Bloomberg

Precious metals: Gold prices steady after four days of gains

Gold prices were steady on June 14 after posting gains for a fourth consecutive session on the previous day, when weak U.S. data raised expectations for monetary stimulus. Spot gold was little changed at \$1,618 an ounce on June 14, after rising by nearly 2% over the past four sessions, its longest winning period since late April. Also, the U.S. gold futures contract for August delivery remained unchanged at \$1,619 an ounce. Gold bar premiums in Singapore and Hong Kong declined from last week, as demand remained slow. Gold premiums stood in a range of \$1 to \$1.4 an ounce in Hong Kong, down from \$1.1 to \$1.6 last week. The correlation between gold and the U.S. dollar stood at -0.25 on June 14, close to an eight-month high of -0.24 that was reached last week. Gold futures for August delivery rose by 0.4% to \$1,620 an ounce on June 14 on the Comex in New York. Also, silver futures for July delivery declined by 0.1% to \$28.9 an ounce in New York.

Source: Thomson Reuters, Bloomberg

Global Commodity Outlook			
(3-months LME, \$/ton)	2011	2012f	2013f
Aluminum	2,424	2,161	2,400
Copper	8,833	8,429	10,000
Lead	2,391	2,191	2,500
Nickel	22,896	19,423	21,000
Tin	26,042	23,484	25,500
Zinc	2,212	2,085	2,350
(Spot price, \$/ounce)			
Gold	1,573	1,685	1,900
Palladium	733	696	850
Platinum	1,720	1,665	1,950
Silver	35	32	35

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	-2.6	10.7	1.9	4.8	1.7	2.1	13.7	1.3
Angola	BB-	Ba3	BB-	-	BB	7.9	29.9	17.4	28.2	8.9	-	12.0	10.7
Egypt	B	B1	BB-	BB+	CCC	-9.9	76.2	13.8	73.4	7.8	128.6	-1.9	2.4
Ethiopia	-	-	-	-	B	-2.1	39.4	-	165.9	-	-	-6.3	0.7
Ghana	B	-	B+	-	BB	-4.2	38.1	19.4	50.1	-	-	-6.5	7.7
Ivory Coast	-	-	-	-	CCC	-6.4	93.3	48.7	108.3	-	-	1.0	1.7
Libya	-	-	B	-	B	-	-	8.6	-	2.0	-	-	3.6
Mauritania	-	-	-	-	-	-2.8	62.0	70.0	96.6	-	700.0	-7.5	0.3
Morocco	BBB-	Ba1	BBB-	BBB-	B	-5.8	54.2	28.4	75.7	9.1	120.1	-5.2	0.8
Nigeria	B+	-	BB-	-	B	0.4	15.7	5.0	12.4	0.4	-	13.5	2.6
Sudan	-	-	-	-	C	-2.8	78.2	61.0	301.6	-	4,825	-7.3	2.3
Tunisia	BB	Baa3	BBB-	BBB	B	-4.1	41.7	58.2	111.3	8.4	285.6	-5.7	3.2
Middle East													
Bahrain	BBB	Baa1	BBB	BBB+	BB	-7.7	34.2	75.3	66.1	8.2	340.9	12.6	-0.9
Iran	-	-	B+	BB-	CCC	2.4	9.2	3.0	10.9	2.1	14.3	7.8	0.8
Iraq	-	-	-	-	CCC	-8.7	42.3	37.1	53.2	-	72.4	-0.9	1.7
Jordan	BB	Ba2	-	BB	CCC	-6.1	68.5	23.8	53.4	5.1	59.8	-6.7	6.4
Kuwait	AA	Aa2	AA	AA-	A	23.6	4.5	26.0	41.7	7.0	184.3	33.5	-1.5
Lebanon	B	B1	B	B	CCC	-8.3	134.0	158.0	264.7	14.7	208.5	-14.1	11.2
Oman	A	A2	-	A	A	10.9	4.0	12.3	17.2	-	59.0	14.5	2.9
Qatar	AA	Aa2	-	AA-	AA	7.7	38.2	70.1	115.5	7.8	703.9	32.6	2.9
Saudi Arabia	AA-	Aa3	AA-	AA-	BBB	9.4	7.1	18.0	30.1	2.1	19.7	20.6	5.4
Syria	-	-	-	BB-	CC	-11.0	27.5	11.0	36.8	-	43.6	-6.1	2.4
UAE	-	Aa2	-	AA-	BB	5.8	18.5	44.4	53.5	7.2	293.3	10.3	0.6
Yemen	-	-	-	B-	CC	-7.1	42.9	18.0	58.4	-	244.4	-5.3	-1.3

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								
Asia													
Armenia	-	Ba2	BB-	-	-	-3.8	41.5	65.5	304.5	-	352.6	-11.7	6.4
	-	Negative	Stable	-	-								
China	AA-	Aa3	A+	A	BBB	-1.1	25.8	8.5	29.3	1.9	-	2.8	0.6
	Stable	-	-	Stable	Stable								
India	BBB-	Baa2	BBB-	BBB-	BBB	-5.9	68.1	17.8	62.2	11.1	-	-2.8	0.6
	Negative	-	-	Stable	Stable								
Kazakhstan	BBB+	Baa2	BBB-	-	BBB	1.7	12.9	67.7	138.4	40.5	312.9	5.9	1.5
	Stable	-	Stable	-	Stable								
Central & Eastern Europe													
Bulgaria	BBB	Baa3	BBB-	-	BB	-2.1	17.8	84.7	90.3	19.3	240.1	1.6	4.0
	Stable	Stable	Stable	-	Stable								
Romania	BB+	Baa3	BBB-	BBB-	BB	-4.4	34.4	72.3	189.9	24.6	256.0	-4.5	2.1
	Stable	-	Stable	Negative	Stable								
Russia	BBB	Baa1	BBB	-	BBB	1.9	11.7	22.5	73.7	9.7	75.4	5.5	-0.7
	Stable	Positive	Stable	-	Stable								
Turkey	BB	Ba2	BB+	BB	B	-0.8	40.3	44.2	184.9	28.6	361.8	-10.3	1.0
	Stable	Positive	Stable	Stable	Stable								
Ukraine	B+	B1	B	-	CCC	-4.1	39.3	79.0	145.9	36.5	316.4	-3.9	4.2
	Negative	Negative	Stable	-	Positive								

Sources: International Monetary Fund; Economist Intelligence Unit - The above figures are estimated for 2011



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	24-Apr-12	No change	20-Jun-12
Eurozone	Refi Rate	1.00	06-Jun-12	No change	05-Jul-12
UK	Bank Rate	0.50	07-Jun-12	No change	05-Jul-12
Japan	O/N Call Rate	0-0.10	23-May-12	No change	15-Jun-12
Australia	Cash Rate	3.50	05-Jun-12	Cut 25bps	03-Jul-12
New Zealand	Cash Rate	2.50	26-Apr-12	No change	14-Jun-12
Switzerland	3 month Libor target	0.00	15-Mar-12	No change	14-Jun-12
Canada	Overnight rate	1.00	17-Apr-12	No change	05-Jun-12
Emerging Markets					
China	One-year lending rate	6.31	07-Jun-12	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	24-Apr-12	No change	20-Jun-12
Taiwan	Discount Rate	1.88	22-Mar-12	No change	21-Jun-12
South Korea	Base Rate	3.25	08-Jun-12	No change	12-Jul-12
Malaysia	O/N Policy Rate	3.00	11-May-12	No change	05-Jul-12
Thailand	1D Repo	3.00	02-May-12	No change	13-Jun-12
India	Reverse repo rate	8.00	17-Apr-12	Cut 50bps	18-Jun-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 100bps	N/A
Turkey	Base Rate	5.75	29-May-12	No change	21-Jun-12
South Africa	Repo rate	5.50	24-May-12	No change	19-Jul-12
Kenya	Central Bank Rate	18.00	01-Jun-12	No change	Jul-12
Nigeria	Monetary Policy Rate	12.00	21-May-12	No change	24-Jul-12
Ghana	Prime Rate	14.50	Apr-12	Raise 100bps	Jun-12
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	27-Apr-12	No change	08-Jun-12
Brazil	Selic Rate	8.50	30-May-12	Cut 75bps	11-Jul-12
Armenia	Refi Rate	8.00	08-May-12	No change	N/A
Romania	Policy Rate	5.25	30-Mar-12	Raise 25bps	N/A
Bulgaria	Base Interest	0.14	31-May-12	No change	N/A
Kazakhstan	Refi Rate	6.00	06-Apr-12	Cut 50bps	N/A
Ukraine	Discount Rate	7.50	May-12	Cut 25bps	N/A
Russia	Refi Rate	8.00	26-Dec-11	Cut 25bps	N/A



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