650 ISSUES+
Issue 670 | April 22, 2021

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Greenfield investments in SDG-related sectors down 33% in 2020

The United Nations Conference on Trade & Development (UNCTAD) indicated that the amount of announced Greenfield investments in sectors relevant for the sustainable development goals (SDG) in developing and transitions economies, such as power, renewable energy, telecommunications, and food & agriculture, declined by 33% in 2020 due to the outbreak of COVID-19. It noted that SDG investments averaged $151.8bn annually in the 2015-19 period compared to an average of $124.6bn between 2010 and 2014. It considered that the progress made to facilitate and promote SDG investments is at risk, given that such investments regressed in 2020 by nearly 20% from 2015, when SDGs were adopted. It said that Greenfield investments in renewable energy, which averaged $39.2bn annually between 2015 and 2019, regressed by 29% in 2020, while such investments in the energy sector, which amounted to $36.7bn per year during the covered period, contracted by 42% last year. It added that Greenfield investments in the food & agricultural sector, which averaged $24.2bn per year in the 2015-19 period, declined by 48% in 2020; while such investments in the telecom sector, which posted an annual average of $18.2bn between 2015 and 2019, grew by 27% in 2020. In parallel, it noted that SDG investments declined by 39% in 2020 in Africa, by 40% in Latin America & the Caribbean, by 23% in developing Asia and by 28% in transition economies.

Source: UNCTAD

SAUDI ARABIA

Profits of listed firms down 41% to $63.3bn in 2020

The cumulative net income of 171 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR237.3bn, or $63.3bn, in 2020, constituting a decrease of 41.2% from SAR403.6bn, or $107.6bn, in 2019. Listed energy firms generated net profits of $48.8bn and accounted for 77% of total net earnings last year. Listed banks followed with $8.2bn (13%); then telecommunications companies with $3.2bn (5%), basic materials firms with $1.3bn (2.1%), the food & beverages industry with $857m (1.4%), utilities firms with $853m (1.3%), insurers with $458m (0.7%), healthcare equipment & services providers with $275m and food & staples retailers with $247m (0.4% each); while listed companies in other sectors registered net profits of $383.3m (0.6%). In parallel, listed consumer durables & apparel companies, commercial & professional services providers, and transportation firms, as well as firms in the diversified financials and the real estate management & development sectors, registered aggregate net losses of $1.3bn in 2020. Further, the net earnings of utilities firms increased by 101.3% last year, followed by the net income of insurers (+75%), the food & beverages industry (+49.3%), food & staples retailers (+35.4%), healthcare equipment & services providers (+18.3%), and telecommunications firms (+9%). In contrast, the net profits of firms in consumer services decreased by 99% in 2020, followed by the net earnings of basic materials companies (-52.5%), retailers (-47.8%), energy companies (-44.8%), software & services companies (-25.6%), banks (-25.4%), and media firms (-2.3%).

Source: KAMCO

MENA

Equity issuance down 67% to $268m in first quarter of 2021

Equity Capital Markets (ECM) issuance in the Middle East & North Africa region, which includes equity and equity-related issuances, totaled $267.7m in the first quarter of 2021, constituting a decline of 67% from the same quarter of 2020 and its lowest level for the first quarter of a year since 2011. There was only one initial public offering in the first quarter of 2021 that amounted to $144m and accounted for 53.8% of the region's ECM issuance. In parallel, debt issuance in the MENA region reached $34.8bn in the first quarter of the year, up by 61% from the same quarter of 2020 and representing its highest level for the first quarter of a year on record. Debt issuance in Saudi Arabia reached $12.3bn and accounted for 35.3% of the total, followed by the UAE with $7.5bn (21.6%). Further, the amount of announced mergers & acquisitions (M&A) in the region, which includes inbound, outbound and domestic deals, totaled $17.1bn in the first quarter of 2021 and increased by 19% from the same period last year. In addition, investment banking fees in the region reached $218m in the first quarter of 2021, up by 5% from the same quarter last year. Syndicated lending fees amounted to $109.2m and accounted for 50.1% of the overall fee pool, followed by debt capital market underwriting fees with $81.3m (37.3%), fees from M&A deals with $20.4m (9.4%), and fees from equity capital markets transactions with $7m (3.2%).

Source: Refinitiv

Region has widest gender gap globally

The World Economic Forum's Global Gender Gap Index for 2021 shows that the Middle East and North Africa region, which includes 16 Arab countries, Iran, Israel and Turkey, has the widest gender gap in the world, as the region closed 60.9% of its gender gap, and came below the average scores of all other regions worldwide. Also, the survey showed that the UAE had the narrowest gender gap among 16 Arab countries and ranked in 72nd place among 156 sovereigns included in the survey. Tunisia followed in 126th place, then Egypt (129th), Jordan (131st), Lebanon (132nd), Algeria (136th), Bahrain (137th), Qatar (142nd), Kuwait (143rd), Morocco (144th), Oman (145th), Mauritania (146th), Saudi Arabia (147th), Syria (152nd), Iraq (154th), and Yemen (155th). The index aims to capture the magnitude and scope of gender-based disparities in each country and to track their progress over time. It is based on four sub-indices that measure Economic Participation & Opportunity, Educational Attainment, Health & Survival, and Political Empowerment. The scores of 11 Arab countries improved and five regressed from the 2020 index, while the rankings of four countries improved and 12 deteriorated since 2020. In parallel, Jordan ranked in first place among Arab countries on the Economic Participation & Opportunity Sub-Index, and Kuwait came first on the Educational Attainment Sub-Index. Also, Lebanon ranked in first place among Arab states on the Health & Survival Sub-Index, while the UAE came first on the Political Attainment Sub-Index.

Source: World Economic Forum, Byblos Research

OUTLOOK

EMERGING MARKETS

Gross financing needs at $1,100bn in 2021-22 period

The International Monetary Fund projected the public gross financing needs of countries in the Middle East & Central Asia region to be higher in the 2021-22 period than its estimates prior to the outbreak of the coronavirus. It anticipated the financing needs of the region's emerging economies (EMs) to increase from $784bn in the 2018–19 period to $1,070bn in the 2021–22 period, and expected these countries to cover their needs through $862bn from domestic creditors and $208bn from external sources. It forecast the gross financing needs of low-income countries (LICs) in the region to rise from $27bn in the 2018–19 period to $29bn in the covered period. It noted that LICs will increasingly rely on domestic sources to finance their needs, given limited external support. Still, it estimated that these countries will cover their financing needs in the 2021-22 period by sourcing $11bn domestically and $15bn externally. Also, it expected the average gross financing needs in the covered period to exceed 15% of GDP in most of the region's EMs and to be equivalent to about 9% of GDP in LICs. It said that some of the region's EMs face high risks of rollover and refinancing of their domestic debt, given the latter's elevated amortization of such debt.

The IMF cautioned that the increased reliance on domestic financing, notably from local banks, could crowd out lending to the private sector, weigh on private companies, increase the level of non-performing loans, and reduce the banks' ability to support the economic recovery. It said that downside financing risks could increase, in case of a faster-than-expected tightening of global financial conditions and/or of a delay in fiscal consolidation. Under this scenario, it projected the average public gross financing needs of economies in the region to increase by about 3% of GDP in the 2021–22 period. As such, the IMF called for the implementation of credible medium-term fiscal and debt management strategies, as well as of policies and reforms to reduce the elevated level of gross financing needs and the banks' "overexposure" to the sovereigns, and to develop domestic capital markets.
Source: International Monetary Fund

AFRICA

Economic activity to expand by 3.4% in 2021, outlook subject to multiple uncertainties

The International Monetary Fund projected real GDP in Sub-Saharan Africa (SSA) to grow by 3.4% in 2021, up from a previous forecast of 3.1% in October 2020, and compared to an estimated contraction of 1.9% in 2020. It attributed the rebound in economic activity in SSA countries to higher global commodity prices and export receipts, as well as to a recovery in private consumption and investments, amid limited fiscal space and the slow rollout of COVID-19 vaccines. It projected the region's output to incur aggregate losses equivalent to 12% of GDP in the 2020-21 period. Also, it expected economic activity of oil-exporting countries in the SSA region to expand by 2.3% in 2021, with growth rates of 2.5% in Nigeria and of 0.4% in Angola. It also forecast real GDP in non-oil commodity exporters to expand by 3.5% this year, supported by a pick-up in domestic consumption, while it anticipated the "diversified" non-resource-intensive SSA economies to grow by 4.8% in 2021. It said that the outlook is subject to substantial uncertainties, especially about the evolution of the pandemic and the pace of the vaccine's rollout, the availability of private and official external financing, political instability, and climate-related shocks.

In parallel, the IMF projected the fiscal deficit of the SSA region's oil exporters to narrow from 4.8% of GDP in 2020 to 3.2% of GDP in 2021 amid higher global oil prices and limited fiscal space, while it forecast the deficit of SSA oil importers to narrow from 8.1% of GDP in 2020 to 7% of GDP in 2021. In turn, it projected the public debt level of the region's oil-exporting countries to reach 43% of GDP at end-2021, and to stand at 64.3% of GDP at the end of the year in oil importing economies. In parallel, it expected the aggregate current account deficit, including grants, of SSA oil exporters to narrow from 3.7% of GDP in 2020 to 2.1% of GDP in 2021 in case of higher oil export receipts, while it projected the deficit of oil importers to widen from 3.8% of GDP in 2020 to 4.6% of GDP in 2021. It also forecast the region's external financing needs at $425bn in the 2021-25 period. As such, it anticipated foreign currency reserves of SSA oil exporters at 5.2 months of imports at end-2021, while it forecast the reserves of SSA oil importers at 4.3 months of imports at end-2021.
Source: International Monetary Fund

ALGERIA

Real GDP growth to recover to 3% annually in 2021-22 period

The World Bank expected economic activity in Algeria to slowly recover in the coming two years from the fallout of the COVID-19 outbreak and the sharp drop in global oil prices, and projected real GDP growth at 3.6% in 2021 and 2.3% in 2022 following a contraction of 5.5% in 2020. It anticipated the authorities to maintain social distancing measures in response to the ongoing pandemic until 2022, given the pace of the vaccination campaign. It attributed the rebound in economic activity in the 2021-22 period to the planned increase in public investments and to expectations of higher hydrocarbon production, despite lower private consumption and investments. It considered that the risks to the outlook include the spread of new coronavirus variants, which could delay the global and domestic economic recovery, and lead to subdued external demand for international travel and for Algerian exports. Also, it anticipated that lower-than-expected oil prices as well as insufficient progress in implementing economic reforms to hinder the economic recovery.

In parallel, it projected Algeria's fiscal deficit to remain elevated and to average 11% of GDP annually in the 2021-22 period, despite a recovery in hydrocarbon revenues, as it anticipated increases in public spending and in realized contingent liabilities from state-owned banks that are exposed to struggling state-owned enterprises. As such, it forecast the public debt level at 56.1% of GDP at end-2021 and 60.5% of GDP at end-2022. Further, it projected the current account deficit to narrow from 14.4% of GDP in 2020 to 12.1% of GDP in 2021 and 11.4% of GDP in 2022, in case of higher oil export receipts. It also expected authorities to resort to further exchange rate depreciation and to financing from the Banque d'Algérie, in order to address higher financing requirements. It forecast foreign currency reserves to cover three months of imports by end-2022, and considered that the risks of a disorderly exchange rate adjustment have increased.
Source: World Bank

ECONOMY & TRADE

WORLD

Reinsurance sector has stable outlook

Fitch Ratings indicated that it has a 'stable' outlook on the global reinsurance sector for 2021, due to an increase in rates and a stabilization in coronavirus-related claims amid subdued investment income. It added that the outlook takes into account the solid business profiles and very strong capitalization of most rated reinsurers, which would lead it to affirm the ratings on most of them in the next 12 to 24 months. Also, it forecast the global reinsurance sector to post a reinsurance combined ratio, which is the ratio of incurred losses and expenses to earned premiums, of 99.1% in 2021 compared to about 104% in 2020. It noted that the ratio incorporates nine percentage points (ppts) for average catastrophe losses, 1.5 ppts for additional coronavirus losses, and one ppt for reserve releases. It expected the rise in the reinsurance rate across almost all business lines to outpace the increase in losses, which would lead the reinsurance combined ratio, excluding catastrophes and coronavirus losses, to improve from 90.5% in 2020 to 89.6% in 2021. In addition, the agency forecast the sector's return on equity at 6.5% in 2021, due to low operating revenues as a result of record low investment yields. It added that the sector's capital metrics are strong despite substantial pandemic-related losses across the non-life reinsurance, the non-life insurance, as well as the life and healthcare reinsurance mortality businesses. It indicated that non-life reinsurers posted underwriting losses for a fourth consecutive year in 2020, with a reinsurance combined ratio of 105.1% last year.

Source: Fitch Ratings

SAUDI ARABIA

Unemployment rate down to 12.6% in fourth quarter of 2020

Jadwa Investment indicated that the unemployment rate in Saudi Arabia regressed from 14.9% in the third quarter of 2020 to 12.6% in the fourth quarter of the year, mainly due to the drop in the female unemployment rate from 30.2% in the third quarter to 24.4% in the covered quarter. It added that the youth unemployment ratio decreased from 34.2% to 28% in the last three months of 2020. It said that the labor force participation rate surged from 49% in the third quarter of 2020 to a record high of 51.2% in the fourth quarter of the year, as improved economic activity in the covered quarter and a steady decline in the number of coronavirus infections encouraged Saudi citizens to enter the labor market. In parallel, it indicated that 121,000 expatriates and 1,000 Saudi citizens exited the labor market in the fourth quarter of 2020. It noted that the public administration and the accommodation & food services sectors posted the largest increases in employment for both Saudi and expatriate workers in the covered period, while the loss of expatriate workers was the highest in construction and administrative and support services industries. As such, it indicated that the substitution of expatriates with Saudi citizens slowed down in the fourth quarter of 2020, particularly in sectors that had sizable substitution in the preceding quarter. Further, it expected the unemployment rate in the Kingdom to regress to 12.1% towards the end of 2021, due to the roll out of the coronavirus vaccines, a stronger economic recovery in the second half of this year, efforts to increase employment for citizens, as well as new labor reforms.

Source: Jadwa Investment

GCC

Agencies affirm sovereign ratings, outlook 'stable'

S&P Global Ratings affirmed Oman's long- and short-term foreign and local currency sovereign credit ratings at 'B+/B', with a 'stable' outlook. It considered that the outlook balances the elevated pressures on the country's fiscal and external positions in the next 12 months, against the government's high fiscal buffers. It anticipated the annual growth rate of the net public debt to remain elevated through 2024. It forecast the net public debt level to rise from 13.8% of GDP at the end of 2020 to 35% of GDP at end-2024. It added that the authorities have launched a 2021-25 fiscal plan to improve public finances and have started the implementation of several reforms since last year. However, it noted that Oman faces external debt maturities of $10.9bn in the 2021-22 period, which makes the country vulnerable to shifts in investor sentiment given its small domestic capital markets. In parallel, Fitch Ratings affirmed at 'B+' Bahrain's long-term foreign currency issuer default rating, with a 'stable' outlook. It indicated that the rating is underpinned by strong financial support from Gulf Cooperation Council peers, a recent track record of robust macroeconomic performance, as well as high GDP per capita and human development indicators. But it pointed out that the country's weak public finances, high dependence of public revenues on oil receipts, low level of foreign currency reserves and political uncertainties will continue to restrict the rating, despite the authorities' fiscal consolidation efforts since 2018.

Source: S&P Global Ratings, Fitch Ratings

SUDAN

Economy to grow in 2021 for first time in four years

The International Monetary Fund indicated that economic conditions in Sudan are extremely challenging, despite the progress on reforms under the Staff Monitored Program (SMP). It projected real GDP in Sudan to grow by 0.4% in 2021, following three consecutive annual contractions in economic activity. It considered that the recent unification of the exchange rates, the removal of fuel subsidies, and the increase in electricity tariffs, will reduce distortions in the economy, facilitate fiscal consolidation, lower the monetization of the fiscal deficit and ease inflationary pressures. It forecast the fiscal deficit to narrow from 5.9% of GDP in 2020 to 3.1% of GDP in 2021, while it expected the public debt level to regress from 249% of GDP at end-2020 to 209% of GDP at the end of 2021 due to narrower fiscal and primary deficits, to the growth in real GDP and to the adjustment of the exchange rate. It also forecast the gross external debt to decline from 167.4% of GDP at end-2020 to 164% of GDP at end-2021. It projected the inflation rate to regress from 269.3% at end-2020 to 119.6% at the end of 2021. In parallel, it forecast the current account deficit to narrow from 13.2% of GDP in 2020 to 7.1% of GDP in 2021, supported by the strong growth in exports and the unification of the exchange rates. It expected gross usable reserves to increase from $223m at end-2020 to $301m at the end of 2021 and to cover 0.3 months of imports. The IMF pointed out that Sudan is making progress towards initiating the debt relief process and called on authorities to continue their strong performance under the SMP and to identify the financing sources of arrears to the Fund, among other measures.

Source: International Monetary Fund

BANKING

UAE

Banking sector risk assessment maintained

S&P Global Ratings maintained the UAE's banking sector in 'Group 5' under its Banking Industry Country Risk Assessment (BICRA), with the economic risk score at '6' and industry risk score at '5'. The BICRA framework evaluates banking systems based on economic and industry risks facing a banking sector, with 'Group 10' including the riskiest sectors. Other countries in the BICRA 'Group 5' include Iceland, Italy, Mexico, Panama, Peru and Qatar. S&P indicated that the UAE's economic risk score reflects "low risks" in economic resilience, as well as "high risks" in economic imbalances and "very high" credit risks in the economy. It noted that the banks' asset quality deteriorated in 2020 due to low global oil prices, the severe drop in activity in the tourism and real estate sectors following the spread of the coronavirus. It added that the non-performing loans (NPLs) ratio for the UAE's 10 largest banks increased from 4.6% at end-2019 to 6% at the end of 2020. It anticipated the NPLs ratio to reach 7.1% at end-2021, once authorities lift the regulatory forbearance measures and banks start to account for the impact of the economic shock on their balance sheets. Also, it said that the weighted average cost of risk for the 10 banks grew by 70 basis points to 167 basis points in 2020. In parallel, S&P said that the industry score reflects the country's "intermediate risks" in its institutional framework and in its system-wide funding, as well as "high risks" in its competitive dynamics amid a fragmented sector. It said that the trend for economic and industry risks are "stable".

Source: S&P Global Ratings

IRAQ

Agencies affirm ratings of four banks

Capital Intelligence Ratings affirmed the long-term foreign currency rating (FCR) of National Bank of Iraq (NBI) at 'B', and the long-term FCRs of Al Janoob Islamic Bank for Investment and Finance (JIB) and of Iraq Islamic Bank for Investment and Development (IIB) at 'B-'. Also, it affirmed the three banks' standalone ratings (BSRs) at 'b-' and maintained the 'stable' outlook on all ratings. It indicated that NBI's BSR is underpinned by support from its parent bank Capital Bank of Jordan, as well as by its strong equity base, elevated capital adequacy ratio, high liquidity, and strong profitability. But it said that the bank's rating is constrained by the challenging operating environment, elevated sovereign and systemic risks, as well as by high concentrations in loans and deposits. Further, it pointed out that JIB and IIB are facing an increase in their credit risk profile, given the elevated economic vulnerabilities in Iraq as a result of the outbreak of the COVID-19 pandemic and low oil prices. In parallel, Fitch Ratings affirmed the long-term issuer default rating of the Trade Bank of Iraq at 'B-', while it revised the outlook on the rating from 'negative' to 'stable'. It also maintained the bank's viability rating at 'b-'. It attributed the outlook revision to its similar rating action on the sovereign, given the strong correlation between the credit profiles of the bank and the government. It noted that the bank has a significant exposure to the sovereign, which was equivalent to 5.5 times its equity at the end of 2020. It said that the bank has a stable pre-impairment operating profitability and sufficient capital and liquidity buffers. It anticipated higher oil prices and improving trade volumes to support the bank's profitability.

Source: Capital Intelligence Ratings, Fitch Ratings

KUWAIT

Agency affirms ratings of four banks, outlook 'negative'

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of the National Bank of Kuwait (NBK) at 'AA-', and the IDRs of Kuwait Finance House (KFH), Burgan Bank, and Boubyan Bank at 'A+'. It maintained the 'negative' outlook on the ratings of the four banks. It indicated that the banks' IDRs are driven by the extremely high probability of support from the Kuwaiti authorities to all domestic banks in case of need. It considered that the government's elevated tendency to support the banks is mainly due to its willingness to maintain market confidence and stability in the sector, given the elevated contagion risk amid the small number of banks in the country and the high concentration and interconnection of banks in the system, as well to its strong ability to shore up the banks. It pointed out that the 'negative' outlook on the ratings reflects the same outlook on the sovereign's ratings. In parallel, the agency affirmed the Viability Rating (VR) of NBK at 'a-', the VR of Boubyan Bank at 'bbb-', the rating of KFH at 'bb+', and the VR of Burgan Bank at 'bb'. It expected that the difficult operating environment in Kuwait and in the other markets where the four banks operate, which is a result of the coronavirus pandemic, will continue to weigh on their performance, notably on their profitability and asset quality.

Source: Fitch Ratings

ARMENIA

Negative outlook on banking sector maintained

Moody's Investors Service maintained its 'negative' outlook on Armenia's banking sector for the coming 12 to 18 months, due to weak economic conditions. It anticipated that domestic political instability and the impact of the prolonged pandemic will hurt businesses and delay the recovery in economic activity, which would affect the banks' asset quality and reduce business generation. It also expected weak economic conditions to weigh on the Armenian dram and to constrain credit demand. It expected the banks' asset quality to deteriorate and for the non-performing loans ratio to rise from 7.3% at the end of 2020 to around 10% in the coming months, as some restructured loans become impaired and in case subdued economic activity limits the borrowers' capacity to service their loans. In addition, it said that nearly 50% of the loan stock is denominated in foreign currency, which exposes banks to exchange rate risks. Moody's also expected the banks' capital to come under pressure in case the currency further depreciates and results in a revaluation of assets in foreign currency and in an increase in the risk weighted assets. It noted that the sector's capital adequacy ratio regressed from 17.2% at end-2019 to 16.6% at the end of 2020, while the Tier One Capital ratio decreased to 14.6% end-2020 from 15.1% a year earlier, due to a 9% depreciation of the local currency last year. It anticipated the capital ratios to decline by up to 50 basis points in 2021, depending on the magnitude of further currency depreciation. It considered that the Central Bank of Armenia could ease capital requirements, which would help contain the decline in the banks' capital buffers.

Source: Moody's Investors Service

Oil prices to average $62 p/b in 2021

ICE Brent crude oil front-month prices continued to be volatile, and reached $65.32 per barrel (p/b) on April 22, down from a high of $67.05 p/b on April 19 so far this month. Several factors exerted downward pressures on oil prices, such as renewed lockdown measures in India amid a surge in the number of new coronavirus cases, which limits the prospects of a recovery in oil demand. Further, the Energy Information Administration (EIA) indicated that U.S. crude oil inventories unexpectedly increased by 594,000 barrels in the past week to 493 million barrels, which weighed on oil prices. In addition, the Biden Administration indicated that it intends to ease some sanctions on the Iranian economy, while talks between Iran and world powers in Vienna progressed on the Joint Comprehensive Plan of Action, which could raise global oil supply. However, the Libyan National Oil Corporation's announcement of *force majeure* on April 19 on exports from the Hariga Port provided some support to prices. In parallel, Jadwa Investment expected global oil demand to continue to increase as a result of the global economic recovery, and in case of easing of coronavirus-containment measures around the world. But it said that downside risks to oil prices are related to new COVID-19 variants, as well as to slower-than-expected rollouts of the vaccine. It anticipated the OPEC+ alliance to react quickly in case these risks materialize and significantly affect oil demand. It projected Brent oil prices to reach $62 p/b in 2021, compared to a previous forecast of $55 p/b.

Source: EIA, Jadwa Investment, Byblos Research

Steel demand to increase by 6% 2021

Global demand for steel is projected to grow by 5.8% from 1.77 billion tons in 2020 to 1.87 billion tons in 2021. Demand in Asia and Oceania is expected to reach 1.36 billion tons and to account for 72.8% of total demand in 2021, followed by the European Union & the United Kingdom with 155 million tons (8.3%), North America with 122.6 million tons (6.5%), and the Middle East & Africa region with 87.1 million tons (4.6%).

Source: World Steel Association

Libya's oil & gas receipts at $4.7bn in first quarter of 2021

Libya's oil and gas revenues totaled $4.7bn in the first quarter of 2021, constituting an increase of 37.4% from $3.4bn in the same period of 2020. Oil and gas receipts reached a record high of $2.1bn in March 2021, constituting a rise of 66% from $1.2bn in the preceding month and a surge of 87.7% from $1.1bn in March 2020. The rise in receipts in March was due to the collection of revenues from sales orders placed in February.

Source: National Oil Corporation, Byblos Research

Nigeria's oil receipts down 83% in January 2021

Nigeria's receipts from the export of crude oil and condensate totaled $108.7m in January 2021, constituting a drop of 82.7% from $626.8m in January 2020. Export revenues consisted of $66.3m from gas exports (61%), $24.3m from crude oil exports (22.4%) and $18.1m in other receipts (16.7%). The authorities transferred $28.4m in hydrocarbon revenues to the Federation Account in the covered month, and used $80.3m to pay global oil companies to guarantee current and future oil production. Nigeria's oil receipts totaled $2.6bn in 2020 and $4.8bn in 2019.

Source: Nigerian National Petroleum Corporation

Base Metals: Copper prices to average $8,500 per ton in 2021

LME copper cash prices averaged $9,057 per ton in the first three weeks of April 2021, constituting an increase of 1% from an average of $8,998 a ton in March 2021. They reached $9,460 per ton on April 21, 2021, their highest level since August 2011, driven mainly by a weaker US dollar and a strong rebound in equities globally. In addition, lower copper production in Chile due to COVID-19-related restrictions and the ongoing decrease in LME-registered copper inventories supported prices. However, concerns about the slowing pace of vaccination in China and the surge in the number of COVID-19 infections, notably in India and Japan, limited the rise in copper prices. In comparison, worries about supply tightness, the increased buying of copper, as well as prospects of higher demand for the metal as a result of the transition to a lower carbon economy globally, pushed prices to a nearly 10-year high of $9,456 per ton on February 25, 2021. In parallel, the World Bank projected copper prices to average $8,500 a ton in 2021, which would constitute an increase of 38% from prices in 2020. It anticipated demand for the metal to benefit from additional stimulus programs worldwide and from the energy transition, notably the shift to electric vehicles and renewable power generation. But it noted that the resurgence in the numbers of COVID-19 infections and a faster-than-expected withdrawal of stimulus measures in China could weigh on copper prices.

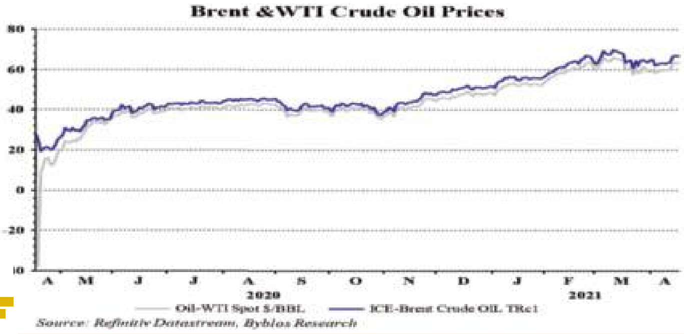
Source: World Bank, Refinitiv

Precious Metals: Gold prices to average $1,720 per ounce in 2021

Gold prices averaged $1,788 per troy ounce in the year-to-April 21, 2021 period, constituting an increase of 11.8% from an average of $1,599 an ounce in the same period last year. The rise in the metal's price is mainly due to accelerating inflation rates and declining real interest rates globally, which led to higher investment demand for gold and reinforced the appeal of the metal as a hedge against potential inflationary pressure. Also, gold prices reached $1,792.4 per ounce on April 21, 2021, their highest level since February 24 of this year, supported by a weaker US dollar and a decline in U.S. Treasury yields that reinforced the appeal of the metal as a safe haven. In parallel, Citi Research expected that the gradual increase in U.S. real interest rates will lead to weaker investment demand for gold and anticipated the latter to put additional downward pressure on prices this year, despite expectations of higher global demand for gold jewelry and from central banks worldwide. It projected gold prices at an average of $1,725 an ounce in the second quarter of 2021, $1,700 per ounce in the third quarter, and $1,650 an ounce in the fourth quarter of the year. As such, it forecast prices to average $1,720 per ounce this year.

Source: Citi Research, Refinitiv, Byblos Research

Brent &WTI Crude Oil Prices



Source: Refinitiv Datastream, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	IHS								
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	Caa1	CCC	-	CCC								
	Stable	Stable	-	-	Negative	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+	B+								
	Stable	Stable	Stable	Stable	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	B-	B2	CCC		B+								
	CWN**	RfD***	-	-	Negative	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B-	B3	B	-	BB-								
	Stable	Negative	Stable	-	Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	B+	-	B+								
	-	Stable	Positive	-	Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep	CCC+	Caa1	-	-	CCC								
Congo	Stable	Stable	-	-	Stable	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB-	Ba1	BB+	-	BBB								
	Negative	Negative	Stable	-	Negative	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	B2	B	-	B-								
	Stable	Negative	Stable	-	Negative	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Tunisia	-	B3	B	-	B+								
	-	Negative	Negative	-	Negative	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B	-	-	-	B+								
	Stable	-	-	-	Stable	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+	B2	B+	-	B+								
	Negative	Negative	Stable	-	Negative	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East													
Bahrain	B+	B2	B+	BB-	B+								
	Stable	Stable	Stable	Negative	Negative	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	-	-	-	B	B-								
	-	-	-	Negative	Negative	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B-	Caa1	B-	-	CC+								
	Stable	Stable	Negative	-	Stable	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+	B+								
	Stable	Stable	Negative	Stable	Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	AA-	A1	AA	AA-	AA-								
	Negative	Stable	Negative	Negative	Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD	C	C	SD	CCC								
	-	-	-	-	Negative	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	B+	Ba3	BB-	BB	BB-								
	Stable	Negative	Negative	Negative	Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA-	Aa3	AA-	AA-	A+								
	Stable	Stable	Stable	Stable	Negative	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A-	A1	A	A+	A+								
	Stable	Negative	Negative	Stable	Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-	C								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-	AA-								
	-	Stable	Stable	Stable	Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	-	-	-	-	CC								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	IHS								
Asia													
Armenia	-	Ba3	B+	-	B-								
	-	Stable	Stable	-	Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-	A								
	Stable	Stable	Stable	-	Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-	BBB								
	Stable	Negative	Negative	-	Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-	BBB-								
	Stable	Positive	Stable	-	Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B-	B3	B-	-	CCC								
	Stable	Stable	Stable	-	Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB	Baa1	BBB	-	BBB								
	Stable	Stable	Stable	-	Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-	BBB-								
	Negative	Negative	Negative	-	Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	BBB-	Baa3	BBB	-	BBB-								
	Stable	Stable	Stable	-	Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+	B2	BB-	B+	B-								
	Stable	Negative	Stable	Stable	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B	B3	B	-	B-								
	Stable	Stable	Stable	-	Stable	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*

*** CreditWatch with negative implications*

****Review for Downgrade*

Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, IHS Markit, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.00-0.25	17-Mar-21	No change	28-Apr-21
Eurozone	Refi Rate	0.00	22-Apr-21	No change	10-Jun-21
UK	Bank Rate	0.10	18-Mar-21	No change	06-May-21
Japan	O/N Call Rate	-0.10	19-Mar-21	No change	27-Apr-21
Australia	Cash Rate	0.10	06-Apr-21	No change	04-May-21
New Zealand	Cash Rate	0.25	14-Apr-21	No change	26-May-21
Switzerland	SNB Policy Rate	-0.75	25-Mar-21	No change	17-Jun-21
Canada	Overnight rate	0.25	21-Apr-21	No change	09-Jun-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-Apr-21	No change	20-May-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	18-Mar-21	No change	N/A
South Korea	Base Rate	0.50	15-Apr-21	No change	27-May-21
Malaysia	O/N Policy Rate	1.75	04-Mar-21	No change	06-May-21
Thailand	1D Repo	0.50	24-Mar-21	No change	05-May-21
India	Reverse repo Rate	4.00	07-Apr-21	No change	N/A
UAE	Repo Rate	1.50	16-Mar-20	No change	N/A
Saudi Arabia	Repo Rate	1.00	16-Mar-20	Cut 75bps	N/A
Egypt	Overnight Deposit	8.25	18-Mar-21	No change	29-Apr-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	19.00	15-Apr-21	No change	06-May-21
South Africa	Repo Rate	3.50	25-Mar-21	No change	20-May-21
Kenya	Central Bank Rate	7.00	29-Mar-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	23-Mar-21	No change	25-May-21
Ghana	Prime Rate	14.50	22-Mar-21	No change	24-May-21
Angola	Base Rate	15.50	29-Mar-21	No change	27-May-21
Mexico	Target Rate	4.00	25-Mar-21	Cut 25bps	13-May-21
Brazil	Selic Rate	2.75	17-Mar-21	Raised 75bps	05-May-21
Armenia	Refi Rate	5.50	16-Mar-21	No change	04-May-21
Romania	Policy Rate	1.25	15-Mar-21	Cut 25bps	12-May-21
Bulgaria	Base Interest	0.00	01-Apr-21	No change	03-May-21
Kazakhstan	Repo Rate	9.00	09-Mar-21	No change	26-Apr-21
Ukraine	Discount Rate	7.50	15-Apr-21	Raised 100bps	17-Jun-21
Russia	Refi Rate	4.25	19-Mar-21	No change	23-Apr-21

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

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

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

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

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
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

UNITED ARAB EMIRATES
Byblos Bank Abu Dhabi Representative Office
Al Reem Island – Sky Tower – Office 2206
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

BELGIUM
Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
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
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@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

CYPRUS
Limassol Branch
256 Archbishop Makariou III Avenue, Eftapaton Court
3105 Limassol - Cyprus
Phone: (+ 357) 25 341433/4/5
Fax: (+ 357) 25 367139
E-mail: byblosbankcyprus@byblosbank.com.lb

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

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