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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global FDI flows up 115% to $852bn in first half of 2021

The United Nations Conference on Trade & Development (UNCTAD) indicated that global foreign direct investments (FDI) totaled $852bn in the first half of 2021, constituting a surge of 115.2% from $399bn in the same period of 2020. It attributed the increase in global FDI mainly to the rebound in global economic activity. It said that FDI in developing economies stood at $427bn or 50.2% of the global FDI flows, in the first half of 2021 and grew by 44.3% from $296bn in the same period of 2020; while FDI in developed economies reached $424bn, or 49.8% of global FDI, and rose by 332.7% from $98bn in the first half of 2020. It pointed out that FDI inflows to high-income countries stood at $584bn in the first half 2021, or 68.5% of global FDI flows, followed by inflows to middle-income economies with $257bn (30.2%), and to low-income countries with $11bn (1.3%). Also, it noted that inflows to Asia reached $362bn or 42.5% of total FDI inflows in the first half of 2021, followed by inflows to Europe with $213bn (25%), North America with $168bn (19.7%), Latin America & the Caribbean with $76bn (9%), Africa with $23bn (2.7%), and Oceania with $9bn (1%). In parallel, it noted that FDI flows to North America increased by 147% in the first half of 2021 from the same period of 2020, followed by flows to Asia (+66%), Africa (+43.7%) and Latin America (+22.6%); while outflows from Europe in the first half of 2020 shifted to inflows in the same period of 2021.

Source: UNCTAD

BAHRAIN

Earnings of listed firms up 108% to $1.2bn in first half of 2021

The net income of 35 companies listed on the Bahrain Stock Exchange totaled BHD445m, or $1.18bn in the first half of 2021, constituting a surge of 107.7% from BHD214.2m, or $569.6m, in the first half of 2020. Listed commercial banks generated net profits of $482.1m in the first half of 2021 and accounted for 40.7% of the total earnings of publicly-listed firms. Industrial firms followed with $392.2m, or 33% of the total, then investment companies with $188.3m (16%), services firms with $107.4m (9%), and insurers with $21m (1.8%). In contrast, hotels & tourism companies posted net losses of $7.7m in the first half of 2021. Further, the net earnings of investment companies soared by 324% year-on-year in the first half of 2021, followed by the profits of services firms (+33.3%), the net income of insurers (+21.5%), and the profits of commercial banks (+2.7%). Also, the earnings of industrial firms shifted from losses of $28.7m in the first half of 2020 to profits of $392.2m in the first six months of 2021. In contrast, the losses of hotels & tourism companies regressed by 43% in the first half of 2021 from the same period last year.

Source: KAMCO

MENA

Ability to develop and retain talent varies across Arab world

The INSEAD Global Talent Competitiveness Index (GTCI) for 2021 ranked the UAE in 25th place among 134 countries globally and in first place among 13 Arab countries. Qatar followed in 36th place, then Saudi Arabia (41st), Bahrain (44th), Oman (48th), Kuwait (62nd), Jordan (63rd), Lebanon (71st), Tunisia (81st), Egypt (84th), Morocco (95th), Algeria (98th) and Yemen (133rd). The index measures a country's ability to attract, develop and retain talent. It is a composite of six pillars grouped in two sub-indices that are the Talent Competitiveness Input Sub-Index and the Talent Competitiveness Output Sub-Index. A higher score on the index reflects a country's better performance in terms of talent competitiveness. The Arab countries' average score stood at 45.35 points, lower than the global average score of 47.26 points. Also, the region's average score was higher than the average score of Latin America & the Caribbean (43 points), Central & Southern Asia (37.6 points), and Sub-Saharan Africa (35.8 points). But it was lower than the average score of North America (76.5 points), Europe (55.8 points), and East Asia & Pacific (50.1 points). In parallel, the UAE (24th), Qatar (30th) and Bahrain (39th) were the top ranked Arab countries on the Talent Competitiveness Input Sub-Index that covers the policies, resources and efforts that a country can use to promote its talent competitiveness. Further, the UAE (34th), Qatar (45th) and Saudi Arabia (49th) led Arab countries on the Talent Competitiveness Output Sub-Index, which measures the quality of talent from domestic policies, resources and efforts.

Source: INSEAD, Byblos Research

External debt at $370bn at end-2020

Figures released by the World Bank show that the total external debt outstanding in the Middle East & North Africa (MENA) region, excluding the Gulf Cooperation Council countries, reached $370bn at the end of 2020, constituting an increase of 8.5% from $341bn at end-2019, and accounting for 4.3% of the external debt in low- and middle-income countries. The bank defines external debt as the sum of public and private long-term external debt, short-term debt, and credit from the International Monetary Fund. It represents the total debt owed to non-resident creditors that is repayable in both foreign and domestic currencies. It indicated that the MENA region's external debt grew at a compound annual growth rate (CAGR) of 8.5% during the 2016-20 period and of 6.8% between 2010 and 2020, compared to a CAGR of 6.9% in the 2016-20 period and of 7.1% in the 2010-20 period for external debt in low- and middle-income countries. It added that the stock of long-term external debt in MENA economies reached $277bn at end-2020 and accounted for 75% of the region's total external debt outstanding. Public and publicly-guaranteed debt represented 84.8% of long-term external debt in the region, while private non-guaranteed debt accounted for the remaining 15.2%. TIn addition, it noted that the short-term external debt of MENA countries stood at $60bn at end-2020 and accounted for 16.2% of the region's external debt, while the use of IMF credit amounted to $33bn at end-2020 and represented 9% of the total.

Source: World Bank

OUTLOOK

AFRICA

Growth to rebound to 3.4% in 2021-22 period, outlook subject to downside risks

The World Bank projected the real GDP of Sub-Saharan Africa (SSA) to grow by 3.3% in 2021, constituting an upward revision of one percentage point from the April 2021 forecast, and by 3.5% in 2022, following a contraction of 2% in 2020. It attributed the rebound in economic activity in the region to better-than-expected commodity prices, a relaxation of lockdown measures, the recovery in global trade, as well as by a recovery in activity in the service and industry sectors, and to a lesser extent in the agriculture sector. It considered that, given low vaccination rates, countries in the region remain exposed to the emergence of new variants of the coronavirus, and that inadequate fiscal support as well as the insufficient supplies and deployment of the vaccine continue to weigh on the growth outlook of SSA countries.

In parallel, it projected economic activity in East & Southern Africa, the hardest hit sub-region by the third wave of the coronavirus, to expand by 3.3% in 2021 and 3.4% next year. It forecast real GDP in South Africa to grow by 4.6% this year following a contraction of 6.4% in 2020, supported by a favorable global environment and base effects. Also, it expected economic activity in Angola to rebound from a contraction of 5.4% last year to growth of 0.4% in 2021 and 3.1% in 2022, due to higher oil prices. It forecast real GDP growth in the sub-region at 3.1% this year and 4.3% in 2022 when excluding Angola and South Africa.

Further, the World Bank expected real GDP in the West & Central Africa sub-region to grow by 3.2% in 2021 and 3.6% next year, following a contraction of 0.8% in 2020. It forecast economic activity in Nigeria to expand by 2.4% in 2021. It projected real GDP growth in the sub-region to accelerate from 0.7% last year to 4.5% in 2021 and 5.3% next year when excluding Nigeria. Also, it anticipated economic activity in the West African Economic and Monetary Union to expand by 5.6% this year and 6.1% in 2022, reflecting favorable terms of trade. It expected real GDP growth in Ghana at 4.9% and 5.5% in 2021 and 2022, respectively, due to the strong growth in exports. It also forecast economic activity in the countries of the Economic and Monetary Community of Central Africa to expand by 2.2% in 2021 and 3.1% in 2022, supported by higher commodity prices.

Source: World Bank

MENA

Real GDP of oil importers projected at 4.8% in 2022, downside risks persist

The Institute of International Finance anticipated economic activity in the oil-importing countries of the Middle East & North Africa (MENA) region to grow by 2.7% in 2021, following a contraction of 1.9% in 2020. It noted that the strength of the projected recovery varies across the six MENA oil importers, and depends on the severity of the health crisis from the COVID-19 outbreak, on political stability, and on the effectiveness of government policy support. It expected economic activity in 2021 to expand by 4.8% in Morocco, by 3% in Egypt, by 2.6% in Tunisia, by 2.2% in Jordan and by 1% in Sudan; while it anticipated real GDP in Lebanon to contract by 8.3% this year. It forecast real GDP in MENA oil-importing countries to grow by 4.3% in 2022 in case investments and exports recover. It forecast the six covered economies to post positive growth rates next year, ranging from 2.6% in Jordan to 4.8% in Egypt. It said that downside risks to the outlook include delays in the vaccine's rollout or the spread of new virus variants, as well as slower implementation of reforms, which could discourage private investments.

Further, the IIF projected the aggregate fiscal deficit of the six MENA oil importers at 7.3% of GDP in 2021, due to the persistently large pubic-sector wage bill and a modest recovery in tax revenues, and expected the deficit to narrow to 6.1% of GDP in 2022 in case authorities step up fiscal consolidation efforts. It forecast the debt level of the region's oil importers to reach 95% of GDP at end-2021. It considered that authorities in MENA oil-importing economies need to consider the delicate sociopolitical environment and to minimize the adverse impact of fiscal consolidation on growth and social outcomes. In addition, it projected the aggregate current account deficit of oil-importing economies to widen from 4.4% of GDP in 2020 to 5.3% of GDP in 2021 due to higher oil prices, and to reach 4.3% of GDP in 2022 in case of a rebound in tourism receipts. It anticipated the recovery of tourism activity among oil importers to be gradual and limited in scope, and for the recent Delta variant in key source markets, including the European Union, to delay the recovery to the second half of 2022. It did not expect tourism activity to return to pre-pandemic levels before 2023.

Source: Institute of International Finance

UAE

Real non-oil GDP to grow by 3.5% in 2022

The Institute of International Finance indicated that the economy of the United Arab Emirates is rebounding from its deepest downturn in decades, following the sharp drop in global oil prices and the COVID-19 outbreak. It projected real GDP to grow by 2.2% in 2021 and by 4.9% in 2022, following a contraction of 6.1% in 2020, supported by one of the highest vaccination rates in the world, the recovery in oil production, a rebound in tourism, as well as by activities linked to the rescheduled Expo 2020 in Dubai. It forecast real hydrocarbon sector growth at 8.3% in 2022 following an estimated contraction of 0.5% this year, and for activity in the non-oil sector to expand by 3.3% in 2021 and by 3.5% next year. It expected the September 2020 strategic vision to help stimulate the economy and to enhance the UAE's status as a global hub for business, finance and tourism.

In parallel, the IIF indicated that UAE authorities are pursuing an expansionary fiscal stance given the country's large financial buffers and higher oil prices. Still, it projected the fiscal balance to shift from a deficit of 7.3% of GDP in 2020 to surpluses of 0.6% of GDP in 2021 and of 1% of GDP in 2022, supported by the large increase in hydrocarbon receipts due to higher global oil and natural gas prices. It forecast the public debt level at about 32% of GDP in the 2021-22 period. Further, it expected the UAE's external position to remain very strong, and forecast the current account surplus to widen from 5.9% of GDP in 2020 to 7% of GDP in 2021 and 10% of GDP in 2022. Also, it projected foreign direct investments in the UAE to increase from $20bn in 2020 to $22bn in 2021, mainly driven by the country's friendly business environment and high quality infrastructure. As such, it forecast the gross public foreign assets of the UAE to exceed one trillion dollars, or the equivalent to 244% of GDP, by end-2022.

Source: Institute of International Finance

IRAQ

Elections' outcome clouds prospects for faster reforms

Moody's Investors service anticipated that the fragmented Iraqi Parliament, following the October 10 parliamentary elections, as well as expectations of a protracted period of coalition building and government formation, will result in policy paralysis and limited progress on structural reforms. It anticipated that higher global oil prices will support public revenues and significantly narrow the fiscal deficit in 2021 and 2022, but expected that the authorities' progress on reforms, which aim to reduce the vulnerability of public finances to future declines in oil prices, to remain slow. As such, it did not expect the new government to improve the country's track record of enacting change, which would result in insufficient efforts to improve public finance management, reduce the public-sector wage bill, and to develop the oil and gas industry. It also anticipated that the length of time needed to form a new government may delay the start of potential negotiations with the International Monetary Fund on a new Stand-by Arrangement to support Iraq's fiscal policy adjustment and reforms. In parallel, it pointed out that the increase in Iraqi oil production under the current OPEC+ agreement, the rise in global oil prices and the low funding needs could reduce the authorities' will to advance economic and structural reforms. It projected the fiscal deficit to narrow from 13% of GDP in 2020 to an average of 1.1% of GDP in the 2021-22 period, in case oil prices average about $70 per barrel in the same period. Also, it forecast the public debt level to decrease from 86% of GDP at end-2020 to around 58% of GDP at end-2022, due to a narrower fiscal deficit from higher oil export receipts.

Source: Moody's Investors Service

EGYPT

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Egypt's long- and short-term foreign currency Issuer Default Ratings at 'B+' and 'B', respectively, with a 'stable' outlook on the long-term ratings. It also maintained the local and foreign currency country ceilings at 'B+'. It said that the ratings are four notches below investment grade. It stated that the ratings are supported by the resilience of the economy throughout the COVID-19 pandemic and by the authorities' ongoing commitment to fiscal and economic reforms. But, it pointed out that wide fiscal deficits, high financing risks, elevated public debt levels, heightened regional security and political risks, and significant external vulnerabilities are weighing on the ratings. Moreover, it anticipated the rigidity of the exchange rate to pose risks to macroeconomic stability and to the external position in the medium term, but it noted that this rigidity has supported non-resident capital inflows to the local bond market. It considered that continued economic growth, the recovery in the tourism sector, and strong domestic demand would improve Egypt's public finances in the near term. Also, it anticipated the public debt level to regress from an estimated 88% of GDP in FY2020/21 to 86% of GDP in FY2021/22, in case of a faster economic growth and primary surpluses. In parallel, the agency said that it could downgrade the ratings if the country's foreign exchange reserves decrease, risks of capital outflows rise, the public debt level expands, the budget deficit widens, and financing risks increase.

Source: Fitch Ratings

KUWAIT

IMF calls for imposing new taxes to increase revenues

The International Monetary Fund projected Kuwait's real GDP to grow by 0.9% in 2021 and by 4.3% in 2022, following a contraction of 8.9% in 2020. It expected real non-oil GDP to expand by 3% in 2021 as the global environment improves, and anticipated activity in the oil sector to rebound as the OPEC+ alliance relaxes oil production cuts this year. In parallel, it indicated that the fiscal balance sharply deteriorated to a deficit of 15.4% of GDP in the fiscal year that ended in March 2021 due to lower oil receipts, fiscal support measures to mitigate the impact of the COVID-19 pandemic, and the slowdown in economic activity. It expected the fiscal balance to shift to a surplus of 2% of GDP in FY2021/22, supported by a rebound in global oil prices, public spending cuts, as well as the lifting of several coronavirus-related support measures. In parallel, the IMF called on Kuwaiti authorities to implement revenue and spending measures, such as introducing a 5% value-added tax rate, expanding corporate taxes to cover domestic companies, imposing a property tax, phasing out subsidies and reforming the public-sector wage bill, in order to support revenues to the Future Generations Fund and reduce financing needs. Also, it expected that the resolution of the political impasse over the new debt law would result in the orderly financing of fiscal operations. Further, it considered that that risks to the outlook are tilted to the downside, and include a prolonged pandemic, volatility in oil prices, as well as delays in implementing fiscal and structural reforms.

Source: International Monetary Fund

ETHIOPIA

Tigray conflict putting external debt sustainability at risk

BNP Paribas forecast Ethiopia's real GDP growth to decelerate from 6.1% in 2020 to 2% in 2021, despite support from public spending. It indicated that the economy is still facing challenges from the fallout of the COVID-19 outbreak. It expected the elevated inflation rate, which is affecting the consumption of households, to increase from 20.4% in 2020 to 21.7% in 2021. Also, it forecast the current account deficit to narrow from 4.6% of GDP in 2020 to 3.6% of GDP in 2021 due to lower imports, and to slightly widen to 3.9% of GDP in 2022. It also expected the fiscal deficit to widen as a result of an upturn in healthcare spending to face the rapid spread of the Delta variant. Moreover, it anticipated a decline in foreign direct investments due to the postponement of privatization projects. In parallel, it pointed out that the country's external debt servicing rose to 26% of exports receipts in 2021, as concessional loans from the International Monetary Fund matured at the end of September 2021. It noted that Ethiopia is benefiting from two IMF facilities that will help the country reschedule its foreign debt payments and reduce the risk of an unsustainable public debt level. It added that Ethiopia requested a foreign debt treatment as part of the Group of 20 economies' Common Framework for Debt Treatments. However, it said that the civil war in the Tigray region is threatening the country's political stability and has led the United States to impose economic sanctions on the country last May, which could put pressure on the IMF and the World Bank to freeze future payments.

Source: BNP Paribas

BANKING

WORLD

IBOR phase out posing liquidity and operational risks

Moody's Investors Service indicated that the phasing out of the Interbank Offered Rates (IBORs) system at the end of 2021 leaves global banks and non-bank financial institutions (NBFIs) with a few months to fully transition their contracts and operations to overnight alternative reference rates (ARRs). IBORs represent the interest rates on unsecured interbank loans across various tenors, while ARRs are based on actual overnight transactions and are secured by collateral. The agency noted that many financial institutions still have high volumes of IBOR-linked contracts that could pose operational, technological, financial, legal and reputational risks beyond 2021. It indicated that large amounts of IBOR-referenced contracts are denominated in US dollars and have until June 2023 to transition to ARRs. As such, it conducted a survey of 54 global banks and non-bank financial institutions (NBFIs) to gauge their preparedness for the IBOR phaseout. It found that 87% of banks and 94% of NBFIs have a transition plan in place in 2021, compared to 77% of banks and NBFIs that had such plans in place in the 2020 survey. It said that surveyed institutions cited the operational adaptation to new benchmarks and the depth of liquidity in the new benchmarks as the two main challenges to address before the end of 2021. It added that many surveyed financial institutions expect the new ARRs to help them manage interest rate risks. Further, it pointed out that most financial institutions secured funding to ensure their readiness to transition to ARRs in all their divisions and activities.

Source: Moody's Investors Service

AFRICA

Deterioration in problem loans to have limited impact on capital of most banks

Moody's Investors Service indicated that the failure of some African banking systems to recognize problem loans at an early stage of the COVID-19 pandemic may lead to large increases of these loans in 2021 and 2022. It expected problem loans to increase marginally at banks in Egypt (+0.7 percentage points) and Kenya (+0.6 ppts), and to rise the most in Angola (+2.9 ppts), Mauritius (+2.4 ppts), Nigeria (+1.8 ppts) and South Africa (+2.2 ppts) during the covered period. It considered that the deterioration in asset quality will be limited in economies with a stronger recovery or where there was an early recognition of problem loans in 2020. It added that 27% of the 50 African banks under its coverage will see an increase in problem loans of less than 100 basis points through 2022. In parallel, it expected the capital ratios of most banking systems to remain stable in general over the next 12 to 18 months. But it noted that most banking sectors in Africa will have lower capital ratios than before the COVID crisis due to the drop in these ratios in 2020, and added that many banks will not recover to their pre-pandemic levels before 2023. In parallel, it said that credit costs, or loan-loss provisions over gross loans, may be even higher than in 2020 in banking systems, such as in Nigeria or Tunisia, where reserves did not increase last year in line with the deterioration in asset quality. It considered that banks have to set aside reserves for losses based on forward-looking information, even if the recognition of problem loans is delayed due to payment moratoria or other factors.

Source: Moody's Investors Service

QATAR

Agency places ratings of seven banks on Rating Watch Negative on rise in external funding

Fitch Ratings placed the 'A+' long-term issuer default rating (IDR) of Qatar National Bank, and the 'A' ratings on Qatar Islamic Bank, Doha Bank, Dukhan Bank, Qatar International Islamic Bank, Al Khalij Commercial Bank and Ahli Bank Qatar on Rating Watch Negative (RWN), due to the banks' increasing reliance on external funding as well as to their recent rapid asset growth. It pointed out that the banks' non-resident funding reached $193bn at the end of August 2021, representing 48% of the sector's liabilities, while the banks' total assets increased from the equivalent of 212% of GDP at end-2018 to 302% of GDP at end-August 2021. Also, it affirmed the Viability Rating (VR) of QNB at 'bbb+', the VR of QIB at 'bbb', the rating of ABQ at 'bbb', the VRs of Dukhan Bank and QIIB at 'bb+', and the ratings of Doha Bank and AKCB at 'bb'. In parallel, it noted that the near-term risks to the sector's asset quality are largely contained, given an average Stage 3 loans ratio of 2% at end-June 2021. It added that the banks' strong provisioning levels and the recovering operating environment offset the risks on asset quality. It pointed out that the banks have adequate capital buffers with an average Common Equity Tier 1 ratio of 14% at end-June 2021, which is above the minimum regulatory requirement of 8.5%. However, the agency said that it would revise the RWN following further analysis of the banks' liquidity management plans.

Source: Fitch Ratings

IRAN

FATF urges Tehran to complete AML/CFT action plan

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that several items in Iran's action plan to address its significant AML/CFT deficiencies remain incomplete. It reiterated its call on its members and on all jurisdictions to increase their examination of branches and subsidiaries of financial institutions based in Iran, and to effectively implement suspicious transaction reporting requirements. Further, the FATF lifted in full the suspension of counter-measures used by international financial institutions against Iran, since the latter failed to enact the Palermo and Terrorist Financing Conventions. It also called on its members and urged all jurisdictions to apply effective counter measures to risks emanating from the country. In addition, it noted that Iran will remain on the FATF statement of "High Risk Jurisdictions Subject to a Call for Action", which identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation, until the authorities implement their action plan in full. In parallel, it pointed out that, in case Iran ratifies the Palermo and Terrorist Financing Conventions, the FATF will decide on the next steps, including whether to suspend counter measures. It stated that it will continue to be concerned about the terrorism financing risks originating from Iran and the threat that they pose to the international financial system, until Tehran implements the required measures to address the deficiencies identified with respect to countering the financing of terrorism in its action plan.

Source: Financial Action Task Force

ENERGY / COMMODITIES

Oil prices to average $81 p/b in fourth quarter 2021

ICE Brent crude oil front month prices reached $84.58 per barrel (p/b) on October 27, 2021, their highest level in eight years, and increased by 6.7% from the month's low of $79.28 p/b registered on October 1, 2021. The surge in oil prices came after the OPEC+ alliance rejected the U.S. administration's multiple calls in the past three months to increase oil production. Also, global shortages in the supply of natural gas and coal led to a rise in worldwide demand for crude oil, which placed upward pressure on oil prices. In parallel, the U.S. Energy Information Administration attributed the increase in oil prices to the announcement of the OPEC+ coalition that it is maintaining its previous decision to gradually raise oil output by adding 400,000 barrels per day (b/d) starting in August of this year. In addition, it considered that oil prices are supported by a decline in U.S. oil production, since it indicated that some energy firms on the U.S. Gulf coast will remain closed through the end of the year after Hurricane Ida caused damages to their oil infrastructure. Moreover, it estimated that the global shortage in the supply of gas and coal would lead to an increase in global oil demand by an average of 500,000 b/d over the coming six months, which will boost oil prices in the near term. In parallel, it expected oil prices to remain high at near their current levels for the remainder of 2021, but it anticipated the continuing increase of oil production from OPEC+ economies, as well as the rapid rise in U.S. oil output and from non-OPEC countries, to outpace global oil consumption in 2022 and to contribute to decreases in oil prices. Further, it projected oil prices to average $81 p/b in the fourth quarter of 2021, $78 p/b in the first quarter of 2022 and $72 p/b in full year 2022.

Source: EIA, Refinitiv, Byblos Research

OPEC oil output up 2% in September 2021

The members of the Organization of Petroleum Exporting Countries, based on secondary sources, produced 27.3 million barrels of oil per day (b/d) on average in September 2021, constituting an increase of 1.8% from 26.8 million b/d in August 2021. Saudi Arabia produced 9.7 million b/d, or 35.4% of OPEC's total output, followed by Iraq with 4.1 million b/d (15.1%), the UAE with 2.8 million b/d (10.2%), Iran with 2.5 million b/d (9.2%), and Kuwait with 2.4 million b/d (9%).

Source: OPEC

ME&A's oil demand to expand by 5% in 2021

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 12.24 million barrels per day (b/d) in 2021, which would constitute an increase of 5.4% from 11.61 million b/d in 2020. The region's demand for oil would represent 23.6% of demand in non-OECD countries and 12.7% of global consumption this year.

Source: OPEC

Libya's oil & gas receipts at $15.3bn in first nine months of 2021

Libya's oil and gas revenues totaled $15.3bn in the first nine months of 2021, constituting an increase of 299% from $3.8bn in the same period of 2020. Oil and gas receipts reached $1.8bn in September, constituting a decrease of 7.8% from $1.95bn in the preceding month and a surge of 15.4 times from $117m in September 2020.

Source: National Oil Corporation, Byblos Research

Base Metals: Aluminum prices to average $2,485 per ton in 2021

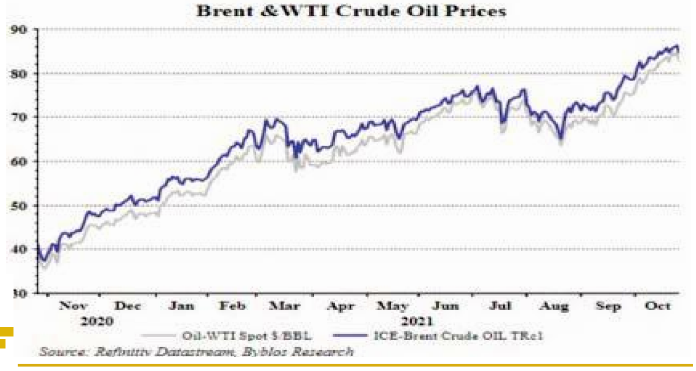
The LME cash price of aluminum averaged $2,432.5 per ton in the year-to-October 27 period, constituting a surge of 47.6% from an average of $1,648 a ton in the same period of 2020. The rise in prices was mainly due to speculations that major smelters in China are reducing output due to power shortages, to strong demand for the metal, and to improved prospects of a global economic recovery. Further, prices reached $3,149 per ton on October 15, 2021, their highest level in 13 years, driven by tight supply conditions and declining inventories of the metal in China, the world's biggest producer of aluminum, as well as to an increase in the prices of raw materials used in the production of refined aluminum. In parallel, Citi Research revised its forecast for China's refined aluminum production from a rise of 6.6% to an uptick of 3.7% in 2021, due to the recent deceleration in Chinese economic growth and to chip shortages in the automotive sector. It expected the consumption of global refined aluminum to increase by 6.7% in 2021 and by 4% in 2022. Also, it anticipated the global market for the metal to sustain deficits in the near term, as it expected supply disruptions to persist. It projected aluminum prices to average $2,485 a ton in 2021, $3,015 per ton in 2022, and $3,150 per ton in 2023.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,778 per ounce in 2021

Gold prices averaged $1,798.2 per troy ounce in the year-to-October 27, 2021 period, constituting an increase of 2.7% from an average of $1,751.3 an ounce in the same period last year. The rise in the metal's price was mainly due to accelerating inflation rates and declining real interest rates globally, which reinforced the appeal of the metal as a hedge against potential inflationary pressures. Further, prices regressed from a recent high of $1,906 per ounce on May 31, 2021 to $1,792.4 an ounce on October 27, due to expectations that the U.S. Federal Reserve could tighten its monetary policy earlier than expected. In parallel, Citi Research projected global gold demand to reach 4,079 tons in 2021, and to increase by 10.6% from 2020. It attributed the expected rise in demand for gold to a 114% surge in net purchases by central banks, a 65.5% expansion in the demand of gold bars and coins, a 50.5% rise in jewelry consumption, and a growth of 7.6% in demand from the technology sector. Further, it anticipated global gold supply to expand by 6.2% to 4,880 tons in 2021, with mine output representing 74.8% of the total. It indicated that the surge in physical demand should offset the strong rebound in mine output and supply from net investment outflows. As such, it forecast prices to decline from $1,780 per ounce in 2020 to $1,778 an ounce in 2021, and to reach $1,585 per ounce in 2022.

Source: Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	IHS	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 (%)
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	B3	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-	Caa1	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	Negative	-	Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-	B+								
	-	Stable	Stable	-	Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep Congo	CCC+	Caa1	-	-	CCC								
	Positive	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	-	Caa1	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+	B+	B+								
	Negative	Negative	Stable	Stable	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	A+	A1	AA	A+	AA-								
	Negative	Stable	Negative	Stable	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-								
	Positive	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	S&P	Moody's	Fitch	CI	IHS	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 (%)
	LT Foreign currency rating												
Asia													
Armenia	B+ Positive	Ba3 Stable	B+ Stable	B+ Positive	B- Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	- -	A Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	- -	BBB Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	BBB- Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B- Stable	B3 Stable	B- Stable	- -	CCC Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	- -	BBB Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	BBB- Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	BBB- Stable	Baa3 Stable	BBB Stable	- -	BBB- Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+ Stable	B2 Negative	BB- Stable	B+ Stable	B- Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B Stable	B3 Stable	B Stable	- -	B- 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	0.25	22-Sep-21	No change	03-Nov-21
Eurozone	Refi Rate	0.00	28-Oct-21	No change	N/A
UK	Bank Rate	0.10	23-Sep-21	No change	04-Nov-21
Japan	O/N Call Rate	-0.10	28-Oct-21	No change	17-Dec-21
Australia	Cash Rate	0.10	05-Oct-21	No change	02-Nov-21
New Zealand	Cash Rate	0.50	06-Oct-21	Raised 25 bps	24-Nov-21
Switzerland	SNB Policy Rate	-0.75	23-Sep-21	No change	16-Dec-21
Canada	Overnight rate	0.25	08-Sep-21	No change	27-Oct-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-Oct-21	No change	22-Nov-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	23-Sep-21	No change	N/A
South Korea	Base Rate	0.75	12-Oct-21	No change	25-Nov-21
Malaysia	O/N Policy Rate	1.75	09-Sep-21	No change	03-Nov-21
Thailand	1D Repo	0.50	29-Sep-21	No change	10-Nov-21
India	Reverse repo Rate	4.00	08-Oct-21	No change	08-Dec-21
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	16-Sep-21	No change	28-Oct-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	16.00	21-Oct-21	Cut 200bps	18-Nov-21
South Africa	Repo Rate	3.50	23-Sep-21	No change	18-Nov-21
Kenya	Central Bank Rate	7.00	28-Sep-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	17-Sep-21	No change	23-Nov-21
Ghana	Prime Rate	13.50	27-Sep-21	No change	22-Nov-21
Angola	Base Rate	20.00	01-Oct-21	No change	N/A
Mexico	Target Rate	4.50	30-Seo-21	Raised 25 bps	11-Nov-21
Brazil	Selic Rate	7.75	27-Oct-21	Raised 150bps	N/A
Armenia	Refi Rate	7.25	14-Sep-21	Raised 25bps	N/A
Romania	Policy Rate	1.50	05-Oct-21	Raised 25bps	09-Nov-21
Bulgaria	Base Interest	0.00	01-Oct-21	No change	01-Nov-21
Kazakhstan	Repo Rate	9.50	25-Oct-21	No change	06-Dec-21
Ukraine	Discount Rate	8.50	21-Oct-21	No change	06-Dec-21
Russia	Refi Rate	7.50	22-Oct-21	Raised 75bps	17-Dec-21

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