

# COUNTRY RISK WEEKLY BULLETIN

## NEWS HEADLINES

### EMERGING MARKETS

#### Trading in Credit Default Swaps up 42% to \$509bn in third quarter of 2018

Trading in emerging markets (EM) Credit Default Swaps (CDS) reached \$509bn in the third quarter of 2018, constituting an increase of 9% from \$468bn in the second quarter of 2018 and a rise of 42% from \$359bn in the third quarter of 2017. Trading in EM CDS in the third quarter of the year reached its highest quarterly volume since 2009. The most frequently traded sovereign CDS contracts in the third quarter of 2018 were those of Turkey at \$73bn, followed by those of Brazil at \$63bn and of China at \$45bn. As such, traded sovereign CDS contracts on Turkey accounted for 14.3% of total trading in EM CDS in the covered quarter, followed by CDS contracts on Brazil (12.4%) and China (8.8%). The most frequently traded corporate CDS contracts in the third quarter of 2018 were those of Brazil's Petrobras at about \$2.4bn, which accounted for 0.5% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 21 emerging economies and nine emerging market corporate issuers, as well as from 12 major international banks and broker-dealers.

Source: EMTA

### SAUDI ARABIA

#### Profits of listed companies up 1% to \$24bn in first nine months of 2018

The cumulative net income of 164 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR89.9bn, or \$24bn, in the first nine months of 2018, constituting a marginal increase of 0.6% from SAR89.3bn, or \$23.8bn in the first nine months of 2017. Listed banks generated net profits of \$10.1bn and accounted for 42% of total net earnings in the covered period. Basic materials companies followed with \$7.8bn (32.4%), then telecommunications firms with \$2bn (8.2%), utilities companies with \$1.5bn (6.3%), the food & beverage industry with \$519m (2.2%), energy firms with \$328.2m (1.4%), retailers with \$303.6m (1.3%), real estate companies with \$277m (1.2%), insurers with \$265m (1.1%), capital goods corporates with \$234.2m (1%), financial services providers with \$176.1m and healthcare firms with \$174.7m (0.7% each), and transportation companies \$134.6m (0.6%). Further, the net earnings of media firms increased by 88.75 times year-on-year in the first nine months of 2018, followed by consumer durables and apparel firms (+47.4 times), capital goods corporates (+65.1%), basic materials companies (+26.1%), banks (+9.9%), telecommunications firms (+7.3%), and financial services providers (+2.8%). In contrast, the profits of consumer services companies fell by 94.2% year-on-year in the first nine months of 2018, followed by utilities firms (-54.9%), pharmacology, biotech & life science firms (-42.7%), the food & beverages industry (-35.7%), insurers (-32.5%), transportation firms (-28.8%), healthcare providers (-22.6%), energy firms (-13.8%), food & staples retailers (-7.2%), retailers (-5%), and real estate management & development firms (-2.1%). The net earnings of commercial & professional services providers were unchanged year-on-year in the first nine months of 2018.

Source: KAMCO

### MENA

#### Stock markets up 6% in first 11 months of 2018

Arab stock markets improved by 5.6% and Gulf Cooperation Council equity markets increased by 6.6% in the first 11 months of 2018, relative to decreases of 2.3% and 3.9%, respectively, in the same period of 2017. In comparison, global equities regressed by 4.8%, and emerging market equities declined by 13.3% in the covered period. Activity on the Khartoum Stock Exchange jumped by 213.4% in the first 11 months of 2018, the Qatar Stock Exchange grew by 21.6%, the Tunis Bourse surged by 16.3%, the Abu Dhabi Securities Exchange expanded by 8.4%, the Saudi Stock Exchange increased by 6.6%, and the Damascus Securities Exchange improved by 4%. In contrast, activity on the Beirut Stock Exchange declined by 26.3% in the first 11 months of 2018, the Dubai Financial Market dropped by 20.8%, the Iraq Stock Exchange regressed by 14.2%, the Muscat Securities Market retreated by 13.5%, the Amman Stock Exchange dropped by 12.4%, the Egyptian Exchange regressed by 11.3%, the Casablanca Stock Exchange decreased by 9.4%, the Palestine Exchange declined by 8.3%, the Boursa Kuwait contracted by 2%, and the Bahrain Bourse retreated by 0.2% in the covered period. In parallel, activity on the Tehran Stock Exchange increased by 71.4% in the first 11 months of 2018.

Source: Local stock markets, Dow Jones Indices, Byblos Research

#### Vast disparities in region's prosperity levels

The Legatum Institute's Prosperity Index for 2018 ranked the UAE in 39th place among 149 countries globally and in first place among 18 Arab economies. Qatar followed in 46th place, then Bahrain (51st), Kuwait (66th), Oman (69th), and Saudi Arabia (86th) as the most prosperous Arab countries; while Libya (133rd), Mauritania (142nd), Iraq (143rd), Sudan (145th) and Yemen (147th) were the least prosperous Arab economies. The Institute assesses the prosperity of citizens based on their material wealth and social well-being. The data covers 104 variables grouped in nine sub-indices that are the Economic Quality, the Business Environment, Governance, Education, Health, Safety & Security, Personal Freedom, Social Capital and the Natural Environment, each identified as a foundation of prosperity. The rankings are based on the simple average of the scores of the nine sub-indices for each country. The rankings of three Arab countries improved from the previous survey and those of 12 sovereigns deteriorated from 2017, while the rankings of three countries were unchanged year-on-year. In parallel, the scores of eight countries improved year-on-year, while those of 10 economies regressed from the 2017 survey. Further, Bahrain ranked first among Arab countries on the Economic Quality and Social Capital sub-indices, while the UAE came in first place on the Business Environment, Governance, Education, Safety & Security and the Natural Environment sub-indices. In parallel, Djibouti came in first place on the Personal Freedom sub-index, while Qatar ranked first on the Health sub-index.

Source: Legatum Institute, Byblos Research

# POLITICAL RISK OVERVIEW - November 2018

## DEM REP CONGO

Opposition parties failed to agree on a presidential candidate ahead of the general elections scheduled for December 23, 2018. However, the two main opposition candidates, Felix Tshisekedi and Vital Kamerhe, formed an alliance between their parties and named Tshisekedi as its presidential candidate. In the eastern province of North Kivu, armed rebel groups launched attacks on civilians, which prevented authorities from delivering an effective response to the Ebola outbreak. The military and the United Nations Organization Stabilization Mission in the DRC launched a joint attack against Allied Democratic Forces rebels, which resulted in the death of at least 19 people. The influx of 362,000 Congolese, who have been forcefully evicted from Angola to the Kasai province in the Democratic Republic of Congo during October and November, weighed on the already dire humanitarian crisis and added pressure on available resources.

## EGYPT

Islamic State (IS) militants claimed responsibility for a gun attack on three buses in Al Minya town in southern Cairo that killed at least seven Coptic Christians and wounded 19 others. In response to the attack, the Egyptian armed forces said that they killed 19 suspected militants linked to the Al Minya incident. Also, security forces continued their operations against IS militants in the Sinai province throughout the month. Human Rights Watch claimed that the government has arrested since late October at least 40 lawyers, opposition representatives and human rights activists.

## IRAN

The International Atomic Energy Agency confirmed Iran's compliance with the Joint Comprehensive Plan of Action. However, the U.S. re-imposed sanctions on over 700 individuals and entities in Iran's energy, banking and maritime sectors. Tensions between Iran and the U.S. further heightened over the impact of sanctions on the supply of humanitarian goods to Iran. The U.S. gave eight countries temporary waivers to continue importing Iranian oil. The U.S. exempted three Iranian nuclear sites from the sanctions, as well as Iran's southern Chabahar port due to its importance for Afghanistan. In parallel, Pakistani forces freed five Iranian border guards out of 14 who were kidnapped in October by the militant group Jaish al-Adl.

## IRAQ

Prime Minister Adel Abdul-Mahdi failed to fill the eight vacant ministry positions, including the interior and defense ministers. The government secured a deal with the Kurdish government to restart oil exports from the Kirkuk oilfields through a pipeline to Turkey. Several bombings targeted multiple locations, including Baghdad and the Salah al-Din and Nineveh provinces. Further, the government led two airstrikes in eastern Syria against IS militants. The U.S. indicated that Iraq could import natural gas and energy supplies from Iran for just 45 days, as long as it does not pay for the imports in US dollars. President Salih met with Iranian President Rouhani and reiterated Iraq's commitment to its trade relations with Iran.

## LIBYA

United Nations envoy Ghassan Salamé announced at the UN Security Council that Libya's general elections will be postponed from December 2018 to early 2019. Also, the UN Envoy submitted a revised action plan that consists of holding a National Conference in January 2019 in the run-up to the elections and the establishment of an electoral framework by spring 2019. Field Marshal Khalifa Haftar and his political rival Prime Minister Fayez Serraj backed the UN action plan. Islamic State militants claimed an attack in the southern town of Tazerbo that killed nine policemen. The United States Africa Command carried out an airstrike near the al-Uwaynat mountain range that killed 11 al-Qaeda militants.

## SUDAN

Sudan announced that it reached an agreement with the U.S. on a second phase of talks that aim to remove Sudan from the U.S. list of "State Sponsors of Terrorism". The U.S. will consider removing Sudan from the list if the country makes progress in six areas that include expanding counter-terrorism efforts, ceasing fighting with rebels and working toward peace talks, as well as severing ties with North Korea. Egypt and Sudan, which face cross-border threats from militias operating in Libya, agreed to establish joint military patrols on their common borders with Libya, in order to combat terrorism and cross-border crimes.

## SYRIA

Russia and Turkey maintained their September agreement to prevent regime attacks on the northwestern province of Idlib. Turkey shelled the Kurdish-controlled towns of Kobani and Tell Abyad. As a result, the Syrian Democratic Forces (SDF) had to suspend their operations against the Islamic State (IS) group in its remaining strongholds around Hajin in the lower Euphrates valley. However, the SDF resumed attacks against IS militants after intensive diplomatic efforts by the U.S.-led coalition. During the attacks, IS militants killed 92 SDF members, constituting the SDF's biggest loss since its creation in 2015. In parallel, a Jordanian parliamentary delegation visited Syrian President Bashar Al Assad for the first time since 2011 to discuss cooperation in trade, tourism and transport.

## TUNISIA

Prime Minister Youssef Chahed appointed 13 new ministers in a partial Cabinet reshuffling in an effort to resolve the economic crisis. Parliament expressed confidence in Prime Minister Chahed's government and approved the reshuffling, while the Nida Tounes party boycotted the session. The Parliament's legislative commission approved the increase in the electoral threshold for a victory in the upcoming legislative elections from 3% to 5%. Over 650,000 public-sector workers staged the largest general strike in five years, while around 3,000 people protested outside the Parliament in Tunis, after the Tunisian General Labor Union's failed to secure an increase in wages.

## TURKEY

The authorities' security operations against the Kurdistan Workers' Party (PKK) continued in the southeast of Turkey and in northern Iraq. The U.S. announced a \$12m reward for information on three leading PKK figures, in an effort to restore its relations with Turkey. However, the establishment of five U.S. military observation posts in northeast Syria raised Turkish concerns about U.S. support to the Kurdish People's Protection Units. Still, Turkey and the U.S. continued to cooperate, as they launched joint patrols in Manbij and mutually lifted sanctions on each others' government officials. Further, the U.S. exempted Turkey from sanctions on the imports of Iranian crude oil. The Turkish police detained 13 persons, including two prominent academics, on accusations of supporting activist Osman Kavala in trying to unseat the government during the 2013 mass protests.

## YEMEN

UN Special Envoy Martin Griffiths announced that warring parties in Yemen are committed to attend the peace talks that are expected to take place in early December 2018. The Saudi-led coalition reportedly halted its offensive in response to international pressure, while the Huthi rebels said that they will cease drone and missile attacks on coalition forces, and are ready for a comprehensive ceasefire. Still, fighting continued in the north, mostly along the Saudi-Yemeni border. The U.S. Senate voted on November 29 to advance a resolution that ends U.S. support for the Saudi-led coalition.

Source: *International Crisis Group, Newswires*



# OUTLOOK

## GCC

### Stable outlook on banks in the region

Fitch Ratings indicated that its 'stable' outlook on banks in the Gulf Cooperation Council (GCC) region mainly reflects stronger economic growth in 2019, which would improve the credit fundamentals of GCC banks. It noted that it has a 'stable' outlook on banks in Bahrain, Kuwait, Qatar and Saudi Arabia, which mirrors the same outlook on their respective sovereigns, while it has a 'negative' outlook on Omani banks due to the government's weakening capacity to provide support to the banks in case of need. It expected the region's non-hydrocarbon sector to grow by 4% this year and to continue to be a key driver of lending growth for GCC banks. However, it said that credit concentration is a key risk for banks in the region. In parallel, it indicated that the GCC governments' bond issuances and subsequent injections of liquidity in banks will continue to support the banks' solid liquidity levels and reduce their funding costs.

Further, Fitch pointed out that Bahraini banks are well-positioned to increase credit to the economy and the government, given their sound profitability, high levels of capitalization and liquidity, as well as reasonable asset quality metrics. In parallel, it expected the Kuwaiti banking sector to remain stable with resilient asset quality, strong liquidity, high capital ratios and sustained profitability. In addition, it forecast the asset quality of Omani banks to deteriorate in 2019, amid increased levels of restructured loans in the contracting, real estate and retail sectors that could migrate to impaired loans, as well as tighter funding and liquidity. In parallel, the agency anticipated lending growth at Qatari banks to be in the mid-single digits next year, which would maintain the banks' adequate capital levels. It did not expect pressure on the banks' funding to increase, as the government continues to support the banking system given its strong financial flexibility. Further, it anticipated that growth opportunities for Saudi banks in 2019 will be constrained by weak demand for credit. Finally, it projected the UAE banks' asset quality metrics to remain under pressure in the context of weak loan growth in the contracting and real estate sectors, while it expected the banks to maintain strong liquidity and stable deposit growth and capital levels.

Source: Fitch Ratings

## NIGERIA

### Growth outlook subject to downside risks

The World Bank projected Nigeria's real GDP growth to increase from 0.8% in 2017 to 1.9% in 2018 and 2.2% in 2019, mainly due to higher oil prices and stable oil output. It forecast real hydrocarbon GDP growth at 5.5% this year and for the non-hydrocarbon sector to expand by 2.1% in 2018, supported mainly by the cement industry. However, it noted that Nigeria's emergence from recession remains very slow and that its sectoral growth patterns are uneven. It said that the country is facing higher fiscal and inflationary pressures, as well as increased policy and economic uncertainties, ahead of the general elections scheduled for February 2019. It expected agricultural sector activity to weaken in 2019 amid the ongoing conflicts in the northern part of the country where a substantial proportion of crop production exists, and despite the government's targeted support. It forecast oil production to remain relatively stable but below the government's targets, while it projected non-oil sector activity to remain con-

strained by a slow recovery in private sector demand. It indicated that Nigeria's medium-term growth outlook depends on the implementation of significant structural macroeconomic, fiscal and sectoral reforms and policies. It said that risks to the growth outlook are tilted to the downside and include lower-than-expected oil prices, further exchange rate instability, increased policy uncertainty, and ongoing domestic conflicts. Further, it projected the average inflation rate at 13.1% this year and 12.5% in 2019, amid the Central Bank of Nigeria's efforts to control the level of liquidity in the economy and maintain exchange rate stability.

Further, the Bank projected Nigeria's fiscal deficit to reach 4% of GDP in 2018 and 3.6% of GDP in 2019, and for the public debt level to increase steadily from 21.4% of GDP at end-2018 to 23.4% of GDP at end-2019. Further, it anticipated Nigeria's current account surplus at 5.3% of GDP this year and 4.5% of GDP in 2019, on the back of higher oil export receipts and constrained import growth.

Source: World Bank

## EGYPT

### Monetary easing to send wrong signals to markets

Deutsche Bank expected the Central Bank of Egypt (CBE) to keep its overnight deposit and lending rates unchanged at 16.75% and 17.75%, respectively, at least until the end of June 2019, amid food price volatility, demand-side pressures and further inflationary, fiscal and regulatory reforms. It noted that the CBE's recent decision to keep policy rates on hold reflects its efforts to anchor inflation expectations. It said that food price volatility in Egypt partly reflects the non-competitive nature of the food industry in Egypt and the traditional structure of its retail market. It added that further monetary tightening in Egypt could pose risks to growth and fiscal dynamics, while additional monetary easing could send wrong signals to the market due to its premature nature. In parallel, it projected the inflation rate to remain elevated at 19.7% at the end of 2018 and 17.2% by end-June 2019. However, it expected inflationary pressure to recede afterwards with the end of the IMF reform program in June 2019, and to continue to decline throughout the second half of 2019, supported by more favorable exchange rate dynamics and monetary conditions.

Further, Deutsche Bank indicated that the budget for the fiscal year that ends in June 2019 projects the fiscal deficit at 8.4% of GDP and the primary surplus at 2% of GDP. However, it forecast the fiscal deficit at 9% of GDP and the primary surplus at 1.4% of GDP in FY2018/19, below the government's targets, mainly due to higher oil prices and subsidy spending, as well as increased funding costs. In parallel, it noted that structural reforms have revived the traditional sources of foreign currency inflows to Egypt. It said that improved security conditions and the restoration of flights from Russia have supported tourism receipts, and expected the country to attract more tourists in coming months. Also, it projected foreign currency receipts from the Suez Canal to increase on the back of infrastructure investments and the pickup in economic activity in the economic free zones next to the Canal, while it anticipated remittance inflows to rise amid higher oil prices. It projected FDI inflows and the disbursements from the IMF and the World Bank to support the country's growth dynamics and cover its external financing needs.

Source: Deutsche Bank



# ECONOMY & TRADE

## GCC

### Ratings on sovereigns affirmed, outlook 'stable'

S&P Global Ratings affirmed at 'B+/B' Bahrain's long- and short-term ratings, with a 'stable' outlook. It said that the ratings are supported by the country's net external asset position, as well as by the \$10bn financial assistance pledged by Kuwait, Saudi Arabia and the UAE in October 2018. But it considered that the ratings are mostly constrained by Bahrain's sustained reliance on hydrocarbon revenues and high government debt stock. It expected the recently-announced financial package to partly cover the government's funding needs over the coming years and to support the exchange rate regime, which would ease financial market pressures. The agency projected real GDP growth to average 2.5% annually during the 2018-21 period, supported mostly by the GCC-funded infrastructure investment, and the implementation of other large projects. In parallel, S&P affirmed at 'BB/B' Oman's long- and short-term foreign and local currency sovereign credit ratings, with a 'stable' outlook. It said that the ratings are supported by the country's low government net debtor position, as well as by potential financial support from GCC peers in case Oman's external balance significantly deteriorates. But it noted that the ratings are constrained by a high dependence on the hydrocarbon sector, wide fiscal deficits and reduced monetary policy flexibility. Also, it projected the fiscal deficit to narrow from 7.4% of GDP in 2018 to an average of 6.3% of GDP annually during the 2019-21 period, mainly due to an increase in excise duties and municipal service fees in 2019, the implementation of the VAT in 2020, and one-off revenues from the sale of assets.

*Source: S&P Global Ratings*

## UAE

### Ratings on three emirates affirmed, outlook on Ras Al Khaimah revised to 'stable'

S&P Global Ratings affirmed at 'AA/A-1+' the long- and short-term foreign and local currency sovereign credit ratings on the Emirate of Abu Dhabi, with a 'stable' outlook on the long-term ratings. It noted that Abu Dhabi's ratings are supported by its strong fiscal and external positions, but are mostly constrained by limited monetary policy flexibility, an underdeveloped local-currency bond market, limited data availability, and heightened geopolitical uncertainty in the Gulf region. It expected Abu Dhabi to maintain a very strong net fiscal asset position of 240% of GDP on average during the 2018-21 period, one of the highest ratios among rated sovereigns. In parallel, S&P affirmed the ratings of the Emirate of Ras Al Khaimah (RAK) at 'A/A-1', and revised the outlook from 'negative' to 'stable', while it affirmed the ratings of the Emirate of Sharjah at 'BBB+/A-2', with a 'stable' outlook. It indicated that the ratings of the two emirates are supported by their strong fiscal positions and by the advantages that they derive from being part of the UAE federation, including low external risks and the high level of financial support in case of need. It attributed the outlook revision on RAK's ratings to its expectation that the government's fiscal position will remain strong, supported by additional revenue streams from the merger of several state-owned enterprises with government departments. It added that Sharjah's 'stable' outlook reflects an expected average growth rate of about 2% annually over the 2018-21 period, and a continued narrowing of its fiscal deficit.

*Source: S&P Global Ratings*

## ARMENIA

### Growth decelerates in third quarter of 2018

IHS Markit indicated that Armenia's real GDP grew by 2.7% year-on-year in the third quarter of 2018, compared to growth rates of 9.7% in the first quarter and 7.5% in the second quarter of the year. It attributed the slowdown in growth to high base effects, as well as to a weak annual expansion of 1.2% in private consumption in the third quarter of the year and to almost flat growth in net exports. It added that Armenia's imports increased by 8.9% year-on-year in the covered quarter, relative to a year-on-year expansion of 17.3% in the second quarter of 2018. Further, it said that the country's fixed investments grew by 1.1% from the third quarter of 2017, following a 10.3% annual increase in the second quarter of 2018. In addition, it indicated that agricultural output shifted from an annual increase of 8.2% in the second quarter of 2018 to a contraction of 10.8% in the third quarter of the year, due to the frequent closures of main transport routes to the Russian market. Further, it noted that activity in the mining sector contracted by 30.5% year-on-year in the covered quarter. Overall, IHS projected Armenia's real GDP growth rate at 6.2% in 2018. However, it expected economic growth to decelerate to 4.5% in 2019 and 4% in 2020, due to the country's high exposure to the deteriorating economic activity in Russia.

*Source: IHS Markit*

## ETHIOPIA

### Sovereign ratings affirmed on lower short-term financing pressures

Fitch Ratings affirmed Ethiopia's long- and short-term foreign and local currency Issuer Default Ratings (IDRs) at 'B', with a stable 'outlook' on the long-term ratings. It said that the affirmation of the ratings and the 'stable' outlook balance the reduced short-term financing pressures with significant risks from the ongoing political transition. It noted that the long-term foreign currency rating is supported by strong economic growth of about 8% annually over the next two years, but that it is mostly constrained by a wide current account deficit, low foreign currency reserves, and high public sector debt. Fitch indicated that the government's policy actions, including lower non-concessional borrowing and tight monetary policy, as well as the country's improved relations with international donors, have reduced short-term external funding pressures. It said that the current account deficit narrowed from 8% of GDP in the fiscal year that ended in July 2017 to 6.4% of GDP in FY2017/18, and anticipated it to reach 5.9% of GDP by FY2020/21. Further, it noted that foreign currency reserves rose from \$2.8bn at end-June 2018 to \$3.7bn at the end of September. It anticipated FDI inflows to average 4.5% of GDP over the coming two years, which would help finance a high share of the current account deficit. It expected external financing pressures to ease over the medium term in the absence of policy slippage and in case exports gradually pick up. In parallel, it projected the general government's deficit to remain broadly stable at about 3% of GDP over the coming two years. It added that the government's debt level reached 32.7% of GDP in June 2018, while the public sector's debt, including debt of state-owned enterprises, was at 62.3% of GDP. It projected the public sector debt level to regress to 59.5% of GDP in FY2020/21.

*Source: Fitch Ratings*

# BANKING

## JORDAN

### Construction and trade account for 43% of overall lending at end-September 2018

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks in Jordan totaled JD25.9bn, or \$36.5bn, at the end of September 2018, constituting an increase of 4.6% from JD24.7bn at end-2017 and a rise of 6.1% from JD24.4bn at end-September 2017. Credit in foreign currency represented 10.9% of the total at the end of September 2018 relative to 10.5% a year earlier. The resident private sector accounted for 87.9% of total credit at end-September 2018, unchanged from a year earlier; followed by the central government with 8%, down from 8.6% at end-September 2017; the non-resident private sector with 2.4%, up from 2% a year earlier; and public entities with 1.5%. The distribution of credit by sector shows that construction represented JD6.8bn or 26.3% of the total at end-September 2018, down from 26.7% a year earlier; while general trade accounted for JD4.3bn or 16.8% of the total, relative to 17% at end-September 2017. Public services & utilities followed with JD3.8bn or 14.7% of the total, then industry with JD3bn (11.7%); financial services with JD740.8m (2.9%); tourism, hotels & restaurants with JD601.2m (2.3%); transportation with JD352.1m (1.4%); and mining with JD342.6m and agriculture with JD332.8m (1.3% each). Further, other sectors accounted for JD5.5bn, or 21.4% of total credit, of which JD155.2m were extended to buy shares. In parallel, loans & advances reached JD16.8bn at end-September 2018, followed by Islamic banks' receivables with JD5.6bn, overdrafts with JD3bn, discounted bills with JD238m and credit cards with JD167.1m.

*Source: Central Bank of Jordan, Byblos Research*

## IRAN

### FATF urges Tehran to address its AML/CFT deficiencies by February 2019

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 the majority of Iran's action plan to address its significant AML/CFT deficiencies remains incomplete. In this context, it called on authorities to criminalize terrorist financing, identify and freeze terrorist assets, ensure an adequate and enforceable customer due diligence process, as well as guarantee the full independence of the Financial Intelligence Unit. It added that authorities should ensure that wired transfers contain complete information on the originator and beneficiary, and that banks are establishing a broader range of penalties for violations of money laundering offenses. Still, the FATF extended until February 2019 the suspension of the imposed counter measures used by international financial institutions against Iran. It called on Iran to bring into force the necessary legislation in line with FATF standards, or it will take further steps to protect against the risks that arise from the deficiencies in Iran's AML/CFT regime. The FATF said that Iran will remain on its list until the full action plan is completed. It considered that, until then, terrorism financing risks originating from Iran will continue to pose a threat to the international financial system. As such, the FATF reiterated its call on all jurisdictions to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran.

*Source: Financial Action Task Force*

## MOROCCO

### Stable outlook on banking sector

Moody's Investors Service affirmed at 'Ba2' the long-term foreign currency deposit ratings of Attijariwafa Bank (Attijariwafa), Groupe Banque Centrale Populaire (BCP), BMCE Bank (BMCE) and Crédit du Maroc (CdM). It also maintained at 'Ba1/Not Prime' the local currency deposit ratings of the four banks. In parallel, it revised the outlook on the long-term local currency deposit ratings of Attijariwafa, BCP and CdM from 'positive' to 'stable', while it maintained the 'stable' outlook on BMCE's rating. It attributed the outlook revision mainly to the slower-than-expected pace of the government's fiscal consolidation, which could reduce the authorities' capacity to support banks in case of need. In parallel, Moody's indicated that it has a 'stable' outlook on Morocco's banking system over the next 12 to 18 months, supported by the diversification of the economy and stabilizing asset risks. It expected lending growth at about 4% in 2018 and 2019, as robust consumer lending would be partly offset by lower working capital needs and modest investment growth. Further, it expected them to remain high amid rising cross-border risks, as large banks continue to expand into Sub-Saharan Africa. It considered the banks' loan quality to be weak, even though the non-performing loans ratio regressed from 7.6% in 2016 to 7.5% in June 2018, the first such decline since 2010. Also, it anticipated the sector's capital buffers to remain modest, as the sector's Tier One capital ratio, which stands at 10.9% of risk-weighted assets, limits the banks' capacity to absorb additional credit losses.

*Source: Moody's Investors Service*

## TURKEY

### Banking sector has extremely high funding risks

S&P Global Ratings classified Turkey's Banking Industry Country Risk Assessment (BICRA) in 'Group 9', and its economic and industry risk scores at '8' and '9', respectively. The BICRA framework evaluates global banking systems based on economic and industry risks facing the banking sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 9' include Azerbaijan, Cambodia, Kenya, Tunisia, Uzbekistan, Vietnam, Egypt and Mongolia. The agency indicated that Turkey's economic risk score reflects its "very high risks" in economic imbalances and credit risks in the economy, as well as its "high risk" in economic resilience. It said that the economic risk assessment reflects the country's volatile economic growth, institutional challenges, wide current account deficits, and high external financing needs. It noted that the banks' very high credit risk is due to the rapid growth in lending and to the high share of lending in foreign currency, which reached about 40% of total loans following the depreciation of the Turkish lira. It added that the trend for economic risk is 'negative' as it anticipated Turkey's economy to contract by 0.5% in 2019 amid persistent high inflation, heightened political and geopolitical tensions, as well as wide current account deficits. In parallel, S&P indicated that the industry score reflects the country's "extremely high risk" in its system-wide funding, "very high risk" in its institutional framework and "high risk" in its competitive dynamics. It noted that the high industry risk and 'stable' trend reflect the banks' elevated reliance on short-term external debt, which leaves the latter vulnerable to changes in investor sentiment.

*Source: S&P Global Ratings*

## ENERGY / COMMODITIES

### Brent oil prices down 18% in November 2018

ICE Brent crude oil front-month prices averaged \$72.8 per barrel (p/b) in the first 11 months of 2018, constituting an increase of 35% from an average of \$54 p/b in the same period of 2017. However, oil prices averaged \$65.9 p/b in November 2018, down by 18.2% from \$80.6 p/b in the previous month, reflecting the steepest month-on-month contraction since January 2016. Also, the average oil price for November was the lowest monthly average since February 2018. The decline in oil prices was mainly due to rising concerns about an oversupplied market, following the issuance of U.S. waivers to eight countries, which allowed them to import Iranian oil. In addition, Saudi Arabia has recently raised its oil production to an all-time high of between 11.1 and 11.3 million barrels per day (b/d). But the Kingdom intends to lead a new output cut by OPEC members and Russia of about 1.3 million b/d in order to prevent a global glut. However, Fitch Ratings indicated that there is a divergence in oil price requirements from Saudi Arabia and Russia, which could weaken the block's production discipline. In this context, it noted that Russia has fully adjusted to lower oil prices given its 2018 fiscal breakeven price of about \$55 p/b. As such, uncertainties related to oil prices remain high ahead of the OPEC meetings on December 6 and 7. Overall, Brent oil prices are expected to average \$74.9 p/b in the fourth quarter of 2018 and \$75.1 p/b in the first quarter of 2019. Source: Fitch Ratings, CNBC, Thomson Reuters, Byblos Research

### Iraq's oil exports down 6% in November 2018

Preliminary figures showed that Iraq's crude oil exports totaled 101.2 million barrels in November 2018, constituting a decrease of 6.2% from 107.8 million barrels in October. The country's oil exports reached 3.4 million barrels per day (b/d) in November 2018 relative to 3.5 million b/d in the previous month. Crude oil exports that originated from the country's central and southern fields reached 100.9 million barrels, or 99.7% of the total, in November, while shipments from the Kirkuk fields totaled 261,466 barrels, or 0.3% of the total. Iraq's oil export receipts reached \$6.2bn in November 2018, down by 22% from \$7.9bn in October. Source: Iraq Ministry of Oil, Byblos Research

### Qatar withdraws from OPEC

Qatar announced its withdrawal from OPEC, effective in January 2019. It attributed the decision to its strategy to develop and raise its natural gas production from 77 million tons per year currently to 110 million tons in coming years. Further, the country's national petroleum company, Qatar Petroleum, plans to raise its LNG production capacity from 4.8 million barrels of oil equivalent per day (boe/d) to 6.5 million boe/d in the next decade. Qatar's decision will not have a significant impact on OPEC, as the country's oil output contributes to less than 2% of OPEC's total oil output. Source: Thomson Reuters

### OPEC's oil output at 33 million b/d in October 2018

Crude oil production of the Organization of Petroleum Exporting Countries (OPEC), based on secondary sources, averaged 32.9 million barrels per day (b/d) in October 2018, which constitutes a marginal increase of 0.4% from 32.8 million b/d in the preceding month. Saudi Arabia produced 10.6 million b/d in October 2018, or 32.3% of OPEC's total oil output, followed by Iraq with 4.7 million b/d (14.1%), Iran with 3.3 million b/d (10%) and the UAE with 3.2 million b/d (9.6%). Source: OPEC, Byblos Research

### Base Metals: Zinc prices drop amid concerns over weaker demand

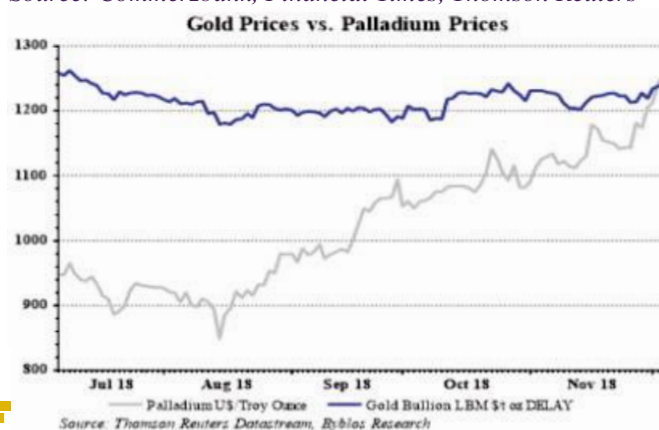
LME zinc 3-month future reached \$2,542 per ton on November 30, 2018, constituting a decrease of 23.4% from \$3,319 per ton at the end of 2017, and compared to a peak of \$3,575 per ton on February 16 of this year. The decline in prices is mainly due to the uncertainties resulting from the escalating U.S.-China trade war, along with a stronger U.S. dollar. In addition, the drop in prices was driven by expectations of higher supply of zinc as well as weakening demand from steelmakers in China, the world's top consumer of the metal. However, zinc prices have increased so far in December and closed at \$2,618 per ton on December 5, 2018, due to an unprecedented tightness in the supply market as LME zinc inventories decreased to 110,700 tons, their lowest level since January 2008. Still, Fitch Ratings reduced its forecast for zinc prices from \$3,300 per ton previously to \$2,700 per ton for 2018, and from \$2,800 per ton to \$2,400 per ton for 2019. It indicated that tensions arising from the U.S.-China trade dispute have increased the near-term risks to growth and market price volatility. It added that zinc price assumptions reflect a market that is still in deficit amid tight supply conditions, but expected the deficit to shift to a surplus in the near term.

Source: Fitch Ratings, Thomson Reuters, Byblos Research

### Precious Metals: Palladium becomes most valuable precious metal

Palladium prices exceeded gold prices for the first time since October 2002, to become the most valuable precious metal. In fact, the metal's price surged by 2.5% day-on-day on December 4, and by another 1% to \$1,255 per troy ounce on December 5, 2018, while gold prices stood at \$1,238 an ounce. Palladium prices have been on an upward trend in recent months, as they increased from an average of \$1,012 an ounce in September 2018 to \$1,083 per ounce in October and to \$1,141 an ounce in November, mainly due to a rise in autocatalyst demand this year. In fact, global autocatalyst demand for the metal is projected to reach a record-high of 8.5 million ounces in 2018, resulting in a production deficit of 1.2 million ounces in the palladium market. Further, the Chinese usage of palladium is anticipated to increase in coming years as the country adopts stricter Euro 6 emissions standards by 2020, while the metal's supply is expected to continue to lag demand, which would maintain the production deficit in the palladium market. Still, palladium prices are expected to moderate from record highs following a price correction next year, and are anticipated to reach \$1,100 an ounce by end-2019.

Source: Commerzbank, Financial Times, Thomson Reuters





# COUNTRY RISK METRICS

| Countries     | LT Foreign currency rating |          |          |          |          | General gvt. balance/ GDP (%) | Gross Public debt (% of GDP) | External debt / GDP (%) | 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       | -                          | -        | -        | -        | BB+      | -6.1                          | 32.9*                        | 2.1                     | -   | -                            | -   | -9                                |                   |
|               | -                          | -        | -        | -        | Negative |                               |                              |                         |   |                              |   |                                   |                   |
| Angola        | B-                         | B3       | B        | -        | B-       | -0.8                          | 80.5                         | 42.1**                  | 50.5  | 26.7                         | 102.2   | -2.1                              | 1                 |
|               | Stable                     | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Egypt         | B                          | B3       | B        | B+       | B+       | -9.3                          | 92.5                         | 35.8                    | 51.8  | 45                           | 115.4   | -2.6                              | 3                 |
|               | Stable                     | Positive | Positive | Stable   | Positive |                               |                              |                         |   |                              |   |                                   |                   |
| Ethiopia      | B                          | B1       | B        |          | B+       | -3.7                          | 59.5                         | 30.5**                  | 27.2  | 3.6                          | 146.2   | -6.2                              | 4.1               |
|               | Stable                     | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Ghana         | B                          | B3       | B        | -        | BB-      | -6                            | 71.2                         | 34.5**                  | 38.9  | 31.9                         | 121.8   | -4.1                              | 6                 |
|               | Stable                     | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Ivory Coast   | -                          | Ba3      | B+       | -        | B+       | -3.8                          | 48.8                         | 33.5**                  | -   | -                            | -   | -4.6                              | -                 |
|               | -                          | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Libya         | -                          | -        | B        | -        | B-       | -25.1                         | 112.1                        | -                       | -   | -                            | -   | -1.5                              | -                 |
|               | -                          | -        | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Dem Rep Congo | CCC+                       | B3       | -        | -        | CCC      | -0.6                          | 16.2                         | 12.9**                  | 4.4   | 3                            | 104.1   | 0                                 | 2.8               |
|               | Stable                     | Negative | -        | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Morocco       | BBB-                       | Ba1      | BBB-     | -        | BBB      | -3.2                          | 64.4*                        | 34.6                    | 30.6  | 7.4                          | 93  | -4.3                              | 2.1               |
|               | Negative                   | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Nigeria       | B                          | B2       | B+       | -        | BB-      | -5.1                          | 24.8                         | 8.2**                   | 67.6  | 22.8                         | 104.2   | 2                                 | 0.7               |
|               | Stable                     | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Sudan         | -                          | -        | -        | -        | CC       | -4.1                          | 167.5                        | 166.6                   | -   | -                            | -   | -14.2                             | -                 |
|               | -                          | -        | -        | -        | Negative |                               |                              |                         |   |                              |   |                                   |                   |
| Tunisia       | -                          | B2       | B+       | -        | BB-      | -5.2                          | 70.5                         | 82.6                    | -   | -                            | -   | -9.6                              | -                 |
|               | -                          | Negative | Negative | -        | Negative |                               |                              |                         |   |                              |   |                                   |                   |
| Burkina Faso  | B                          | -        | -        | -        | B+       | -5.1                          | 41.2                         | 23.7**                  | 21  | 4.6                          | 145.4   | -8.6                              | 2.8               |
|               | Stable                     | -        | -        | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Rwanda        | B                          | B2       | B+       | -        | B+       | -2                            | 42.6                         | 38.4**                  | 13.2  | 5.1                          | 102.8   | -8.9                              | 2.9               |
|               | Stable                     | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Middle East   |                            |          |          |          |          |                               |                              |                         |   |                              |   |                                   |                   |
| Bahrain       | B+                         | B2       | BB-      | BB       | BB+      | -8.9                          | 88.4                         | 169.4                   | 201.7                                       | 22.3                         | 327.6   | -2.5                              | 0.4               |
|               | Stable                     | Negative | Stable   | Stable   | Negative |                               |                              |                         |   |                              |   |                                   |                   |
| Iran          | -                          | -        | -        | B+       | BB-      | -3.2                          | 44.2                         | 2.1                     | -   | -                            | -   | 1.3                               | -                 |
|               | -                          | -        | -        | Negative | Positive |                               |                              |                         |   |                              |   |                                   |                   |
| Iraq          | B-                         | Caa1     | B-       | -        | CC+      | 5.6                           | 51.8                         | 32.5                    | 3.7   | 2.2                          | 100.9   | 6.9                               | 1.0               |
|               | Stable                     | Stable   | Stable   | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Jordan        | B+                         | B1       | -        | BB-      | BB+      | -2.9                          | 96.0                         | 70.1                    | 63.6  | 9.4                          | 151.0   | -9.6                              | 4.5               |
|               | Stable                     | Stable   | -        | Negative | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Kuwait        | AA                         | Aa2      | AA       | AA-      | AA-      | 11.6                          | 18.8                         | 41.3                    | 32.8  | 0.55                         | 87.9  | 11.3                              | -5.5              |
|               | Stable                     | Stable   | Stable   | Stable   | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Lebanon       | B-                         | B3       | B-       | B        | B-       | -9.7                          | 150.0                        | 183.3                   | 136.8                                       | 50.1                         | 136.2   | -25.6                             | 2.8               |
|               | Stable                     | Stable   | Stable   | Negative | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Oman          | BB                         | Baa3     | BBB-     | BBB      | BBB-     | -2.0                          | 48.7                         | 80.7                    | 44.9  | 4.5                          | 140.3   | -3.3                              | 1.5               |
|               | Stable                     | Negative | Negative | Negative | Positive |                               |                              |                         |   |                              |   |                                   |                   |
| Qatar         | AA-                        | Aa3      | AA-      | AA-      | A+       | 3.6                           | 53.4                         | 84.6                    | 60.9  | 3.4                          | 173.9   | 4.8                               | -1.0              |
|               | Negative                   | Stable   | Stable   | Negative | Negative |                               |                              |                         |   |                              |   |                                   |                   |
| Saudi Arabia  | A-                         | A1       | A+       | A+       | AA-      | -4.6                          | 19.4                         | 27.6                    | 8.0   | 1.2                          | 36.9  | 8.4                               | 0.3               |
|               | Stable                     | Stable   | Stable   | Stable   | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Syria         | -                          | -        | -        | -        | C        | -                             | -                            | -                       | -   | -                            | -   | -                                 | -                 |
|               | -                          | -        | -        | -        | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| UAE           | -                          | Aa2      | -        | AA-      | AA-      | 0.6                           | 17.8                         | 54.9                    | -   | -                            | -   | 7.2                               | -0.8              |
|               | -                          | Stable   | -        | Stable   | Stable   |                               |                              |                         |   |                              |   |                                   |                   |
| Yemen         | -                          | -        | -        | -        | CC       | -10.7                         | 62.5                         | 19.4                    | -   | -                            | -   | -9.3                              |                   |
|               | -                          | -        | -        | -        | Negative |                               |                              |                         |   |                              |   |                                   |                   |



# COUNTRY RISK METRICS

| Countries                | LT Foreign currency rating |          |          |          |        | General gvt. balance/ GDP (%) | Gross Public debt (% of GDP) | External debt / GDP (%) | 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                  | -                          | B1       | B+       | -        | B-     | -2.7                          | 52.5                         | 82.8                    | -   | -                            | -   | -3.8                              | -                 |
|                          | -                          | Positive | Positive | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| China                    | A+                         | A1       | A+       | -        | A      | -4.1                          | 50.1                         | -                       | 40.0  | 2.1                          | 64.2  | 0.7                               | 0.8               |
|                          | Stable                     | Stable   | Stable   | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| India                    | BBB-                       | Baa2     | BBB-     | -        | BBB    | -6.6                          | 69.6                         | -                       | 39.5  | 19.4                         | 90.7  | -3.0                              | 1.6               |
|                          | Stable                     | Stable   | Stable   | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| Kazakhstan               | BBB-                       | Baa3     | BBB      | -        | BBB    | 1.4                           | 17.8                         | -                       | 25.7  | 4.7                          | 87.4  | -0.2                              | 1.5               |
|                          | Negative                   | Stable   | Stable   | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| Central & Eastern Europe |                            |          |          |          |        |                               |                              |                         |   |                              |   |                                   |                   |
| Bulgaria                 | BBB-                       | Baa2     | BBB      | -        | BBB    | -0.9                          | 23.3                         | -                       | 26.0  | 2.0                          | 100.8   | 2.4                               | 1.9               |
|                          | Stable                     | Stable   | Stable   | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| Romania                  | BBB-                       | Baa3     | BBB-     | -        | BBB-   | -3.6                          | 37.2                         | -                       | 25.8  | 4.2                          | 95.1  | -3.5                              | 2.4               |
|                          | Stable                     | Stable   | Stable   | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| Russia                   | BBB-                       | Ba1      | BBB-     | -        | BBB-   | 1.6                           | 15.3                         | -                       | 17.2  | 2.6                          | 57.4  | 6.2                               | -1.3              |
|                          | Stable                     | Positive | Positive | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| Turkey                   | B+                         | Ba3      | BB       | BB+      | BB-    | -4.0                          | 32.3                         | -                       | 84.3  | 5.9                          | 176.4   | -5.7                              | 1.0               |
|                          | Stable                     | Negative | Negative | Negative | Stable |                               |                              |                         |   |                              |   |                                   |                   |
| Ukraine                  | B-                         | Caa2     | B-       | -        | B-     | -2.5                          | 70.5                         | -                       | 59.3  | 9.3                          | 129.2   | -3.1                              | 1.0               |
|                          | Stable                     | Positive | Stable   | -        | Stable |                               |                              |                         |   |                              |   |                                   |                   |

\* Central Government

\*\* External debt, official debt, debtor based

Source: International Monetary Fund; IHS Markit; S&P Global Ratings; Byblos Research - The above figures are projections for 2018





## SELECTED POLICY RATES

|                         | Benchmark rate        | Current (%)   | Last meeting |              | Next meeting |
|-------------------------|-----------------------|---------------|--------------|--------------|--------------|
|                         |                       |               | Date         | Action       |              |
| USA                     | Fed Funds Target Rate | 2.00-2.25     | 08-Nov-18    | No change    | 18-Dec-18    |
| Eurozone                | Refi Rate             | 0.00          | 25-Oct-18    | No change    | 13-Dec-18    |
| UK                      | Bank Rate             | 0.75          | 01-Nov-18    | No change    | 20-Dec-18    |
| Japan                   | O/N Call Rate         | -0.10         | 31-Oct-18    | No change    | 20-Dec-18    |
| Australia               | Cash Rate             | 1.50          | 04-Dec-18    | No change    | 05-Feb-19    |
| New Zealand             | Cash Rate             | 1.75          | 07-Nov-18    | No change    | 13-Feb-19    |
| Switzerland             | 3 month Libor target  | -1.25-(-0.25) | 20-Sep-18    | No change    | 13-Dec-18    |
| Canada                  | Overnight rate        | 1.75          | 05-Dec-18    | No change    | 09-Jan-19    |
| <b>Emerging Markets</b> |                       |               |              |              |              |
| China                   | One-year lending rate | 4.35          | 17-Dec-15    | Cut 25bps    | N/A          |
| Hong Kong               | Base Rate             | 1.75          | 14-Jun-17    | Raised 25bps | N/A          |
| Taiwan                  | Discount Rate         | 1.375         | 27-Sep-18    | No change    | 20-Dec-18    |
| South Korea             | Base Rate             | 1.50          | 18-Oct-18    | No change    | 30-Nov-18    |
| Malaysia                | O/N Policy Rate       | 3.25          | 08-Nov-18    | No change    | N/A          |
| Thailand                | 1D Repo               | 1.50          | 14-Nov-18    | No change    | 19-Dec-18    |
| India                   | Reverse repo rate     | 6.50          | 05-Dec-18    | No change    | 07-Feb-19    |
| UAE                     | Repo rate             | 2.25          | 14-Jun-18    | Raised 25bps | N/A          |
| Saudi Arabia            | Repo rate             | 2.50          | 14-Jun-18    | Raised 25bps | N/A          |
| Egypt                   | Overnight Deposit     | 16.75         | 15-Nov-18    | No change    | 27-Dec-18    |
| Turkey                  | Repo Rate             | 24.0          | 25-Oct-18    | No change    | 13-Dec-18    |
| South Africa            | Repo rate             | 6.75          | 22-Nov-18    | Raised 25bps | 15-Jan-19    |
| Kenya                   | Central Bank Rate     | 9.50          | 28-May-18    | No change    | N/A          |
| Nigeria                 | Monetary Policy Rate  | 14.00         | 22-Nov-18    | No change    | N/A          |
| Ghana                   | Prime Rate            | 17.00         | 26-Nov-18    | No change    | 28-Jan-19    |
| Angola                  | Base rate             | 16.50         | 30-Nov-18    | No change    | 25-Jan-19    |
| Mexico                  | Target Rate           | 8.00          | 15-Nov-18    | Raised 25bps | 20-Dec-18    |
| Brazil                  | Selic Rate            | 6.50          | 31-Oct-18    | No change    | 12-Dec-18    |
| Armenia                 | Refi Rate             | 6.00          | 13-Nov-18    | No change    | 26-Dec-18    |
| Romania                 | Policy Rate           | 2.50          | 06-Nov-18    | No change    | 08-Jan-19    |
| Bulgaria                | Base Interest         | 0.00          | 01-Nov-18    | No change    | 30-Nov-18    |
| Kazakhstan              | Repo Rate             | 9.25          | 04-Dec-18    | No change    | 14-Jan-19    |
| Ukraine                 | Discount Rate         | 18.00         | 25-Oct-18    | No change    | 13-Dec-18    |
| Russia                  | Refi Rate             | 7.50          | 26-Oct-18    | No change    | 14-Dec-18    |



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