

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

FDI flows to decline by 30% in 2020 if coronavirus outbreak persists throughout the year

In its reassessment of the impact of the coronavirus pandemic on global foreign direct investment (FDI) flows, the United Nations Conference on Trade & Development (UNCTAD) projected global FDI flows to decline by 30% to 40% in the 2020-21 period, compared to its early March forecast of a decrease of between 5% and 15%. It attributed the downward revision to the availability of more recent data that showed a deterioration in global economic activity, as well as to the spread of the virus in regions beyond East Asia. It said that the measures that governments around the world have been forced to take in order to contain the pandemic are negatively affecting all components of FDI. In parallel, it pointed out that the virus outbreak could weigh on the profits of multinational enterprises (MNEs) and, in turn, reduce their reinvested earnings, which is a major component of FDI. It projected the average earnings of the top listed 5000 MNEs worldwide to decline by 30% in 2020, compared to a previous forecast of a decrease of 9%. It expected the profits of companies in the energy sector worldwide to drop by 208% in 2020, followed by the earnings of airlines (-116%), and the income of automotive firms (-47%). Also, it anticipated the profits of companies in developed countries to decline by 35% this year, followed by the earnings of firms in developing economies (-20%), and the income of companies in transition economies (-18%). It expected the earnings of Asian companies to drop by 21% in 2020, followed by the income of firms in Latin America & the Caribbean (-14%), and the profits of African corporates (-11%).

Source: UNCTAD

More than 75 million jobs at risk in 2020 due to coronavirus pandemic

The World Travel & Tourism Council (WTTC) expected the outbreak of the coronavirus to result in about 75.2 million job losses in the global travel & tourism sector in 2020, which constitutes a deterioration of 50% from its previous forecast of about 50 million potential job losses in the sector this year. It said that the revision, which came within less than two weeks of its earlier forecast, reflects a significant and worrying trend, as it estimated that the travel & tourism industry is losing about one million jobs per day. Also, it anticipated that a coronavirus-triggered slowdown in global travel & tourism activity will lead to about \$2.1 trillion in losses to global GDP in 2020. The WTTC expected the travel & tourism sector in the Asia-Pacific region to be the most adversely affected by the virus outbreak in 2020, with about 48.7 million jobs at risk and about \$800bn in resulting GDP losses. It also forecast North America to lose up to 10.2 million jobs in the travel & tourism sector and about \$570bn in related output. Further, it anticipated that the pandemic could result in 10.1 million potential job losses and about \$552bn in aggregate GDP losses in Europe. In parallel, it expected the Middle East region to face about 1.8 million potential job losses and about \$65bn in aggregate GDP losses in the travel & tourism industry in 2020.

Source: World Travel & Tourism Council

MENA

Stock markets down 25% in first quarter of 2020

Arab stock markets dropped by 24.8% and Gulf Cooperation Council equity markets fell by 24.5% in the first quarter of 2020, relative to expansions of 7.7% and 8.6%, respectively, in the same quarter of 2019. In comparison, global stocks decreased by 22.3% and emerging market equities declined by 24.6% in the covered period. Activity on the Beirut Stock Exchange jumped by 26.2% in the first quarter of 2020, the Khartoum Stock Exchange increased by 6.8%, and the Damascus Securities Exchange grew by 4.8%. In contrast, activity on the Dubai Financial Market dropped by 36% in the first quarter of 2020, the Egyptian Exchange fell by 31.3%, the Abu Dhabi Securities Exchange decreased by 26.4%, the Saudi Stock Exchange contracted by 22.5%, the Qatar Stock Exchange retreated by 21.3%, the Casablanca Stock Exchange regressed by 20.3%, the Boursa Kuwait declined by 17%, the Bahrain Bourse decreased by 16.1%, the Muscat Securities Market contracted by 13.4%, the Iraq Stock Exchange retreated by 10%, the Tunis Bourse regressed by 9%, the Amman Stock Exchange declined by 8.1%, and the Palestine Exchange decreased by 5.1%.

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

Economic freedom slightly improves in Arab countries in 2020

The Heritage Foundation Index of Economic Freedom for 2020, a broad indicator of economic freedoms in 180 countries, shows that the level of economic freedom in 15 Arab countries slightly improved from the 2019 survey. The region's level of economic freedom stands at 59.7% in 2020, up from 59% in 2019, and compared to the global average of 61.6% this year. The GCC countries have an average score of 67.3% in 2020 compared to 66.5% in the 2019 index, while non-GCC Arab countries have an average of 54.5% this year, up from 53.9% last year. The index evaluates individual economies based on 12 equally-weighted broad factors of economic freedom. The rankings of nine Arab countries deteriorated and those of six economies improved, while the scores of nine Arab countries improved, those of five economies regressed and the score of one country was nearly unchanged from the 2019 survey. The UAE is the 18th freest economy in the world and is the only Arab country to rank among the top 20 worldwide. Qatar follows in 31st place, then Bahrain (63rd), Jordan (66th), and Oman (75th) as the five highest ranked Arab economies. In contrast, Djibouti (151st), Lebanon (157th), Algeria (169th), and Sudan (173rd) are the lowest ranked Arab countries. The survey classified two Arab economies as "mostly free", six countries as "moderately free" category, five economies as "mostly unfree", and two sovereigns as "repressed" economies. In parallel, the level of economic freedom in Arab countries is higher than the level in Latin America & the Caribbean (58.9%), South Asia (56.6%), and Sub-Saharan Africa (55.4%); while it is lower than the level of economic freedom in North America (77.4%), Europe & Central Asia (68.6%), and East Asia & Pacific (61.5%).

Source: Heritage Foundation, Byblos Research

OUTLOOK

WORLD

Group of 20 economies to contract by 0.5% in 2020 on outbreak of coronavirus

Moody's Investors Service projected real GDP growth for the Group of 20 major economies to contract by 0.5% in 2020, compared to its previous forecast of a 2.6% growth rate before the emergence of the coronavirus. It attributed the downward revision to significantly weaker economic activity amid the global outbreak of the pandemic. It anticipated the G-20 economies to experience an unprecedented shock in the first half of the year. It noted that authorities are adopting policy measures, such as tax relief for households and credit lines and subsidies for businesses, to ease the economic and financial impact of the spread of the virus. It added that European and U.S. authorities have adopted measures such as income guarantees and regulatory forbearance, in an effort to reduce the risk of simultaneous defaults on financial stability. It expected the policy measures to accelerate as the impact of the virus outbreak becomes clearer. Still, it considered that the economic toll of the virus is impossible to accurately estimate currently, given uncertainties related to the duration of the pandemic and to the containment of the virus. It forecast economic activity in G-20 economies to grow by 3.2% in 2021.

In parallel, Moody's expected the economic recovery in most emerging markets G-20 economies to be weaker than the rebound in advanced economies and in China, given the lack of social safety nets in most developing countries, as well as their limited ability to provide adequate support to businesses and households. It anticipated that the Saudi authorities' decision to increase oil output to 12 million barrels per day until June would support Saudi Arabia's GDP growth in 2020. In contrast, it expected economic activity in Turkey to be the most impacted by the pandemic and to contract by 7% in the second and third quarters of 2020, due mainly to a deterioration in tourism activity. Further, it projected economic activity in China to expand by 3.3% in 2020 and by 6% in 2021, as it considered that the country's fiscal easing, which aims to increase household spending, would likely help raise domestic demand in the second half of the year.

Source: Moody's Investors Service

EMERGING MARKETS

EM economies to face three simultaneous shocks

S&P Global Ratings expected emerging markets (EMs) to enter into an economic recession and to face severe stress from three simultaneous shocks. It said that the first shock is mainly the impact of the coronavirus outbreak on trade flows, travel and supply chains in EMs, which is reducing external demand and export revenues; while social distancing measures have negatively affected domestic demand. Further, it pointed out that the second shock to EMs is the collapse of commodity prices amid the decline in global demand, and the failure of OPEC and non-OPEC countries to reach an agreement to cut their oil production. It said that the decline in commodity prices has curtailed investor confidence and could, along with slower global growth and tighter financial conditions, put pressure on credit quality across the spectrum of asset classes in EM economies. However, it expected the price shock to be temporary. In addition, it indicated that the third shock to EMs is capital outflows to risk-free assets, amid uncertainties about the effect of the coronavirus on the global

economy and on supply chains, which could trigger exchange rate volatility and the depreciation of EM currencies. It noted that continued capital outflows could further increase refinancing risks and inflationary pressures for EMs, and added that many EMs have limited space to maneuver. It also said that weaker investment confidence will constrain debt issuance despite accommodative monetary policies across EMs.

In parallel, the agency considered that the pace of the recovery in EMs will depend on the policies that authorities will implement to cushion the impact of the shocks on their economies. It pointed out that downside risks to the outlook are significant, and consist of a prolonged outbreak of the pandemic that will further depress activity and put pressure healthcare systems, as well as an extended shock to investor sentiment, which could increase refinancing risks, especially for lower-rated issuers.

Source: S&P Global Ratings

MENA

Economic activity to contract by 0.3%, capital inflows to drop by 45% in 2020

The Institute of International Finance projected economic activity in the Middle East & North Africa (MENA) region to contract by 0.3% in 2020, constituting the first recession in the region during the past 30 years, and compared to a previous growth forecast of 1.8% for this year. It attributed the downward revision to lockdowns, disruptions to supply chains, the sharp fall in global oil prices, travel restrictions and business closings, amid the spread of the coronavirus. Also, it said that the region's hydrocarbon exporters will be directly impacted by the collapse in global oil prices. As such, it projected economic growth in the Gulf Cooperation Council (GCC) countries to average 0.6% in 2020, down from an earlier forecast of 2.2%. It also expected real GDP to contract by an average of 3.8% in the region's non-GCC oil exporters, relative to a previous forecast of a contraction of 0.9% for these economies. Further, the IIF anticipated the fiscal deficit of MENA oil exporters to widen from 2.9% of GDP in 2019 to 9.1% of GDP in 2020, leading to a rise in their public debt levels. In addition, it expected the current account balance of oil exporters to shift from a surplus of \$65bn in 2019 to a deficit of \$67bn in 2020. It anticipated that more than two thirds of oil exporters will cover their financing needs from domestic sources and by tapping their large financial buffers.

In parallel, the IIF projected real GDP growth in MENA oil-importing countries at 0.8% in 2020, relative to an earlier forecast of 3.2%. It did not expect the benefits of lower oil prices for oil importers to offset the impact of measures to limit the spread of the virus and of the spillover effects from the economic contractions in oil exporters and in trading partners. It added that a global recession would lead to a reduction in trade, foreign direct investment, tourism flows, and remittances to Egypt, Jordan, Lebanon and Morocco, among oil importers.

Further, the IIF projected capital inflows to the MENA region to decline from \$182bn in 2019 to \$101bn in 2020, amid lower equity and debt flows. It forecast official reserves in the MENA region to drop by \$120bn, mostly in Saudi Arabia, Algeria, Iraq and Iran. It also expected a sharp decline in the sovereign wealth funds of Kuwait, Qatar and the UAE.

Source: Institute of International Finance



ECONOMY & TRADE

MENA

Agency takes rating actions on sovereigns amid drop in global hydrocarbon prices

S&P Global Ratings affirmed Abu Dhabi's long- and short-term foreign and local currency sovereign ratings at 'AA/A-1+', those of Qatar at 'AA-/A-1+', the ratings of Saudi Arabia at 'A-/A-2', those of Bahrain at 'B+/B', and the ratings of Iraq at 'B-/B'. In parallel, it downgraded the long- and short-term ratings of Kuwait from 'AA' to 'AA-', and the ratings of Oman from 'BB' to 'BB-'. It also revised from 'positive' to 'stable' the outlook on Bahrain's ratings, while it maintained a 'negative' outlook on Oman's ratings and a 'stable' outlook on the ratings of the remaining Arab sovereigns. It attributed the rating actions to its sharp downward revision of global hydrocarbon prices in 2020 and 2021 due to the failure of OPEC countries to agree on further oil production cuts, as well as to the global outbreak of the coronavirus. As such, it projected Brent oil prices to average \$30 p/b in 2020 and \$50 p/b in 2021. It anticipated that lower oil prices will significantly weigh on the economic growth, public finances and external accounts of the seven economies. It projected real GDP to range between flat growth in Kuwait and a growth rate of 4% in Saudi Arabia in 2020. Also, it forecast Abu Dhabi's fiscal surplus at 7.9% of GDP this year, while it anticipated the remaining Arab countries to post deficits ranging between 2% of GDP in Qatar and 15.8% of GDP in Iraq. In addition, it anticipated the current account deficits of the covered sovereigns to range between 1.7% of GDP in Abu Dhabi and 15.9% of GDP in Kuwait in 2020.

Source: S&P Global Ratings

JORDAN

IMF approves \$1.3bn funding arrangement to support reform program

The International Monetary Fund approved a 48-month \$1.3bn arrangement under the Extended Fund Facility (EFF) for Jordan, in order to support the country's economic and financial reforms program. It indicated that it will disburse around \$139.2m immediately, while it will release the balance over eight semi-annual payments, subject to Jordan's successful completion of program reviews. The Fund indicated that the program aims to implement structural reforms to support strong and inclusive growth, to reduce poverty, as well as to narrow the fiscal deficit and lower the public debt level. It added that, although the program was designed before the coronavirus outbreak, it incorporates changes to cover emergency outlays, as well as spending on medical supplies and equipment related to the containment and treatment of the virus. It considered that adjustments to the program could be necessary, given the ongoing developments related to the virus outbreak. Further, the IMF called on authorities to broaden the tax base, to reduce tax exemptions for businesses, and to improve tax and customs administrations in order to support government revenues. It also stressed the need to rationalize current expenditures and to ensure critical social, healthcare and education spending, while it highlighted the importance of containing losses and contingent liabilities in the energy and water sectors. The IMF considered that continued donor support is crucial for the success of the program, and would help Jordan cope with the impact of the pandemic and the Syrian refugees.

Source: International Monetary Fund

ANGOLA

Sovereign ratings downgraded on increasing external financing risks

S&P Global Ratings downgraded Angola's long-term foreign and local currency ratings from 'B-' to 'CCC+', and revised the outlook on the ratings from 'negative' to 'stable'. It attributed the downgrades to its expectations of significantly lower-than-anticipated global oil prices in 2020, following the collapse of the OPEC agreement to cut oil production and the coronavirus pandemic. It anticipated oil prices to average \$30 per barrel (p/b) in 2020 and \$50 p/b in 2021. It considered that the substantial decline in oil prices will worsen Angola's external and fiscal deficits, and will increase external funding pressures. The agency anticipated that lower fiscal revenues from the drop in oil prices will shift the fiscal balance from a surplus of 0.7% of GDP in 2019 to a deficit of 4% of GDP in 2020. Also, it forecast the public debt level to rise from 103.1% of GDP at the end of 2019 to 127.2% of GDP at end-2020. In parallel, it anticipated the current account balance to shift from a surplus of 4.8% of GDP in 2019 to a deficit of 18.6% of GDP this year. As such, it projected Angola's gross external funding needs to average about 109% of current account receipts and usable reserves annually in the 2020-23 period. It also forecast foreign currency reserves to decline from \$17.3bn at end-2019 to \$13.7bn at end-2020. Further, S&P anticipated economic activity to contract for the fifth consecutive year, as it projected real GDP to retreat by 1.5% in 2020, while it forecast the inflation rate at 30% this year.

Source: S&P Global Ratings

NIGERIA

Sovereign ratings downgraded on sharp drop in oil prices

S&P Global Ratings downgraded Nigeria's long-term foreign and local currency ratings from 'B' to 'B-', with a 'stable' outlook. It attributed the ratings' downgrade to the sharp decline in global oil prices, which it expected to weigh significantly on the country's fiscal and external positions in the near term, especially on its foreign currency reserves. In addition, it anticipated that the government's policy responses to the drop in oil prices, such as lower fuel subsidies, a higher value-added tax rate and increased electricity tariffs, as well as the adjustments to the exchange rate, will not be sufficient to offset the decrease in hydrocarbon revenues. As such, it projected the fiscal deficit at 5% of GDP this year due to lower hydrocarbon revenues, delays in fiscal consolidation, and coronavirus-related spending. It forecast the deficit to average 4.2% of GDP annually in the 2020-23 period. In parallel, it expected the current account deficit to widen to 3.3% of GDP in 2020 due to lower hydrocarbon exports receipts, and then to average 1.1% of GDP annually in the 2020-23 period. It indicated that Nigeria will face increased challenges in funding the fiscal and current account deficits in 2020, as issuing debt on global markets will be difficult. It considered that the prevailing conditions will complicate the exchange rate and foreign currency policies in the near term. It projected foreign currency reserves to decline to about \$32bn at the end of 2020, due to lower inflows of foreign currency and increased global risk aversion. It expected foreign currency reserves to average \$34bn in the 2020-23 period, in case oil prices recover.

Source: S&P Global Ratings



BANKING

UAE

Banks' asset quality to deteriorate in 2020

Goldman Sachs expected the asset quality of banks in the UAE to deteriorate in 2020 due to weaker economic activity, to the restructuring of corporate loans, and to lower global oil prices. It anticipated the asset quality of loans in the hospitality, trade, real estate, construction and retail sectors, as well as of loans extended to small- and medium-sized enterprises (SMEs), to be among the most impacted by the coronavirus outbreak. Also, it forecast the banks' interest margins to contract by an aggregate of 30 basis points in 2020, compared to a contraction of 35 basis points in 2016 when oil prices collapsed, mainly due to the Central Bank of the UAE's decision to reduce its policy rates by 125 basis points so far in 2020. Further, it anticipated weak lending growth, as well as pressure on funding due to lower deposits amid weak oil prices, to also weigh on the interest margins of banks. It did not expect an increase in the banks' aggregate loan portfolio in 2020, compared to growth rates of 5% in 2018 and of 6% in 2019. It projected the hospitality, services, SME and retail sectors to register the sharpest slowdown in lending activity. It added that increased borrowing from the public sector, amid a wider fiscal deficit and a low oil price environment, will offset the contraction in lending to the private sector. In addition, it considered that UAE banks are well capitalized with an aggregate Common Equity Tier One ratio of 13.5% at the end of 2019. It anticipated that the UAE government will support banks through capital injections and other measures, in case of need.

Source: Goldman Sachs

OMAN

Central Bank's stimulus package is credit negative for banks

Moody's Investors Service considered that the \$21bn stimulus package, which the Central Bank of Oman (CBO) announced to mitigate the impact of the coronavirus outbreak on the economy, will weaken the credit profiles of Omani banks. It said that the CBO's measures reduce the banks' capital conservation buffer (CCB), allow the deferment of loan installments for hard-hit borrowers, postpone for six months the risk classification of loans related to government projects, and ease the access to repo operations and foreign currency swaps for the banks, among others. As such, it indicated that the reduction of the banks' CCB provides them with greater flexibility to support borrowers that face temporary liquidity issues. But it noted that a lower CCB is credit negative for banks because it reduces their minimum regulatory solvency capital requirements during a challenging period. In addition, it said that the deferment of loan installments and the six-month delay in the risk classification will reduce the banks' immediate recognition of problem loans that are arising from coronavirus-related disruptions. In parallel, it expected the banks' asset quality to significantly weaken due to the impact of the virus on the tourism, transportation, trade, real estate and construction sectors, as well as to lower global oil prices. However, it said that the stimulus package will partially limit the deterioration in asset quality by preventing the liquidity issues of some borrowers from becoming solvency problems. Further, it indicated that the package will support the banks' liquidity by providing access to cheap funding in order to meet cash calls from affected borrowers.

Source: Moody's Investors Service

SUDAN

Capital adequacy ratio at 14.5% at end-July 2019

The International Monetary Fund considered that the banking sector in Sudan is weak, and that several banks have been undercapitalized for many years. It noted that the sector's risk-weighted capital adequacy ratio stood at 14.5% at the end of July 2019 compared to 9.9% at end-2018. But it said that 12 out of 37 banks have capital adequacy ratios below the regulatory minimum of 12%. Also, it pointed out that the banks' aggregate non-performing loans (NPLs) ratio reached 3.3% at end-July 2019 relative to 3.2% at end-2018, with loan provisions covering 78.5% of NPLs relative to 72.1% at end-2018. However, it indicated that the sector's NPLs ratio significantly underestimates the actual level of impaired loans at banks. Further, it noted that the sanctions that the U.S. imposed on some international banks in 2014 for breaching American sanctions on Sudan, have contributed to a sharp decline in the credit lines of correspondent banks to Sudanese banks. It added that, despite the lifting of most U.S. sanctions, the majority of correspondent banks have been reluctant to re-establish relationships with Sudanese banks. Further, it said that foreign currency loans accounted for 14.8% of the banks' total loans at end-July 2019, while foreign currency deposits accounted for 29.7% of aggregate deposits. In parallel, the IMF indicated that the banks' liquid assets represented 50.2% of total assets at end-July 2019; while they were equivalent to 107.4% of short-term liabilities. It noted that authorities are stepping up efforts to increase the capitalization of banks, review options for voluntary bank mergers, and mitigate exchange rate risks.

Source: International Monetary Fund

GHANA

Bank of Ghana's measures to alleviate pressure on banks' asset quality

Moody's Investors Service considered that the Bank of Ghana's (BoG) recently announced measures will mitigate the negative economic effects of the coronavirus pandemic on the banking sector's asset quality and profitability, following a decline in lending activity, lower fee-generating transactions, and higher cost of credit. First, it said that the BoG reduced its monetary policy rate from 16% to 14.5% in order to boost credit growth, provide cash flow relief to borrowers, as well as improve the latter's repayment capacity and credit profile. However, it noted that lower rates will squeeze the banks' net interest margins and, in turn, affect their income. Second, the agency indicated that the BoG's decision to reduce the primary reserve requirement for banks from 10% to 8% will free about \$270m, which will improve their liquidity and increase lending to key sectors. Third, it expected that the BoG's decision to lower the banks' capital conservation buffer from 3% to 1.5% will further increase their lending capacity and will help shield them in the near term from potentially higher credit losses. Fourth, Moody's indicated that the BoG's other measures include a reduction from 10% to 5% in the provisioning requirements for some loans, which will allow banks to support borrowers whose income is affected by the economic slowdown. However, it pointed out that, if sustained for an extended period, these measures will impede the quality of financial reporting and affect the financial stability of the banking sector through inadequate provisioning for credit losses.

Source: Moody's Investors Service



ENERGY / COMMODITIES

Oil prices to average \$35 p/b in second quarter

ICE Brent crude oil front-month prices averaged \$51 per barrel (p/b) in the first quarter of 2020, constituting a decline of 19.8% from \$63.7 p/b in the same quarter of 2019. The year-on-year decrease was mainly driven by the sharp fall in oil prices in March 2020. Oil prices averaged \$63.8 p/b in January 2020, \$55.5 p/b in February, and \$33.7 p/b in March. As such, prices declined by 13% in February 2020 and by 39.2% in March. The decrease was initially due to the outbreak of the coronavirus in China, as the lockdown to limit the spread of the virus affected the Chinese economy and its demand for oil. However, the decline in prices intensified as the virus became a pandemic, and many countries enforced measures to contain its spread, which hurt global oil demand. On the supply side, the inability of OPEC and non-OPEC oil producers to reach a production cut agreement triggered an oil price war between Saudi Arabia and Russia, which put additional pressure on prices. Consequently, prices reached \$22.7 p/b at end-March 2020, their lowest level since 2003. Bank of America expected global oil demand to decline by more than 0.5 million barrels per day in the first half of 2020. It said that downside risks to the demand outlook will persist in the near term, and are related to the severity of the measures to contain the virus and the impact of such measures on the global economy. It projected Brent oil prices to average \$35 p/b in the second quarter of 2020, \$44 p/b in the third quarter, and \$48 p/b in the fourth quarter of the year. *Source: BofA, Refinitiv, Byblos Research*

Global oil demand to increase by 5.7 million b/d through 2025

The International Energy Agency anticipated global oil demand to decline by 90,000 barrels per day (b/d) in 2020 due to the spread of the coronavirus. But it expected demand to recover and to rise by 2.1 million b/d in 2021. It projected global oil demand to increase by 5.7 million barrels per day (b/d) in the 2019-25 period, equivalent to an annual rate of 950,000 b/d, and compared to 1.5 million b/d annually in the past 10 years. It estimated that China and India will account for half of the growth in demand. *Source: International Energy Agency*

Libya's oil production declines by 1.1 million b/d amid force majeure

The National Oil Corporation (NOC) of Libya indicated that the country's oil output reached 79,655 barrels per day (b/d) on March 29, 2020, down from an average of 1.2 million b/d prior to the declaration of *force majeure* on January 18, 2020. The NOC declared *force majeure* after the Libyan National Army blocked oil exports at ports under his control in the central and eastern parts of the country. As such, it estimated the cumulative output losses at 75.1 million barrels between January 17 and March 29, 2020, and the resulting financial losses at more than \$3.8bn. *Source: National Oil Corporation*

Nigeria's oil receipts down 13% in 2019

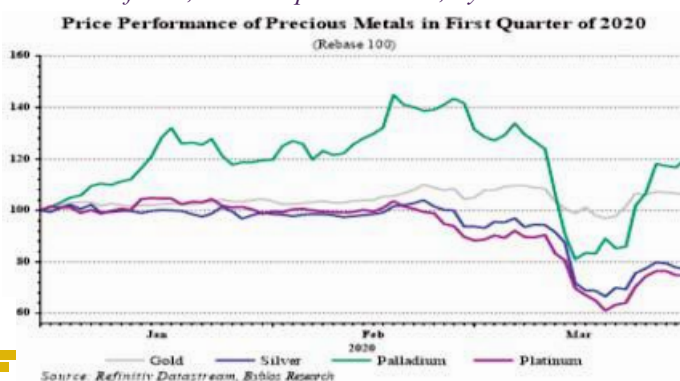
Nigeria's crude oil and condensate export receipts totaled \$4.8bn in 2019, down by 13.1% from \$5.6bn in 2018. Export revenues consisted of \$3.4bn from crude oil exports (71%), \$1bn from gas exports (21.3%), and \$378.4m in other receipts (7.8%). Further, the authorities transferred \$1.4bn in hydrocarbon revenues to the Federation Account in 2019, while they used \$3.4bn to pay global oil companies to guarantee current and future production. *Source: Nigerian National Petroleum Corporation*

Base Metals: Aluminum prices down 9% in first quarter of 2020

The LME cash price of aluminum averaged \$1,692 per ton in the first quarter of 2020, constituting a decrease of 9.1% from an average of \$1,862 a ton in the same quarter of 2019. Prices averaged \$1,773 per ton in January, \$1,688 per ton in February, and \$1,611 per ton in March 2020. Further, aluminum prices closed at \$1,465 per ton on April 1, 2020, their lowest level since January 2016, constituting a drop of nearly 18% from the end of 2019. The decline in aluminum prices so far this year is mainly due to the outbreak of the coronavirus and its impact on global economic activity and on demand for the metal, especially in the automobile industry. In addition, concerns about prolonged shutdowns around the world reinforced fears of a significant global recession and a further weakening in the demand for industrial metals. Also, aluminum prices decreased due to projections of a significant supply surplus in the market, as aluminum producers are not expected to immediately cut their output, despite falling prices, because input costs have also declined. Moreover, prices regressed due to the significant increase in the metal's inventories. In parallel, Fitch Ratings revised downward its projection for aluminum prices from \$1,750 per ton to \$1,680 per ton in 2020. It attributed the revision to oversupply and subdued demand from the automobile and construction sectors. *Source: Fitch Ratings, Refinitiv, Byblos Research*

Precious Metals: Palladium prices to average \$2,313 per ounce in 2020 amid supply shortages

Palladium prices averaged \$2,279 per troy ounce in the first quarter of 2020, constituting a rise of 59% from \$1,431 an ounce in the same period of 2019, due to the persistently wide production deficit in the palladium market amid supply shortages. However, prices temporarily declined to a seven-month low of \$1,557 per ounce on March 16, 2020, mainly due to the announcement of a breakthrough in the technology of catalytic converters that would allow the partial substitution of palladium with platinum. Still, prices recovered to \$2,307 an ounce at the end of March 2020, supported by expectations of lower output from South Africa, following the latter's announcement of a 21-day lockdown on March 26 to contain the spread of the coronavirus. Further, the metal's price is expected to continue to increase throughout the year and to average \$2,313 an ounce in 2020, driven by supply shortages in the palladium market. However, downside risks to the price outlook could arise from lower automotive demand for the metal amid expectations of a palladium-to-platinum substitution in catalytic converters, as well weaker jewelry demand for the metal as a result of the coronavirus outbreak. *Source: Refinitiv, BMO Capital Markets, Byblos Research*



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+	-5.2	36.9*	2.2	-	-	-	-9.1	-
Angola	CCC+	B3	B	-	B-	2.4	88.1	45.7**	50.5	26.7	102.2	1.3	1
Egypt	B	B2	B+	B+	B+	-9.5	92.6	37.1	51.8	45	115.4	-2.4	3
Ethiopia	B	B1	B	-	B+	-3	61.1	31.8**	27.2	3.6	146.2	-6.5	4.1
Ghana	B	B3	B	-	BB-	-7	59.6	27.9**	38.9	31.9	121.8	-3.2	6
Côte d'Ivoire	-	B3	B+	-	B+	-4	52.2	35.9**	-	-	-	-3.4	-
Libya	-	-	-	-	B-	-7.4	-	-	-	-	-	2	-
Dem Rep Congo	CCC+	Caa1	-	-	CCC	-0.5	15.7	12.9**	4.4	3	104.1	-0.5	2.8
Morocco	BBB-	Ba1	BBB-	-	BBB	-3.7	65.2*	33.2	30.6	7.4	93	-4.5	2.1
Nigeria	B-	B2	B+	-	BB-	-4.5	28.4	8.8**	67.6	22.8	104.2	2.1	0.7
Sudan	-	-	-	-	CC	-8.5	163.2	161.2	-	-	-	-11.5	-
Tunisia	-	B2	B+	-	BB-	-4.6	77	83.1	-	-	-	-11.2	-
Burkina Faso	B	-	-	-	B+	-4.7	43	23.8**	21	4.6	145.4	-7.5	2.8
Rwanda	B+	B2	B+	-	B+	-2.6	40.7	40.1**	13.2	5.1	102.8	-7.8	2.9
Middle East													
Bahrain	B+	B2	BB-	BB	BB+	-8.4	100.2	189.9	201.7	22.3	327.6	-3.6	0.4
Iran	-	-	-	B	BB-	-4.1	30.0	2.0	-	-	-	-0.4	-
Iraq	B-	Caa1	B-	-	CC+	-5.2	50.2	32.1	3.7	2.2	100.9	-6.7	1.0
Jordan	B+	B1	BB-	B+	BB+	-4.0	94.8	72.1	63.6	9.4	151.0	-8.2	4.5
Kuwait	AA-	Aa2	AA	AA-	AA-	9.5	17.8	45.8	32.8	0.55	87.9	7.4	-5.5
Lebanon	SD	Ca	C	SD	B-	-11.7	157.8	191.3	136.8	50.1	136.2	-28.2	2.8
Oman	BB-	Ba2	BB	BBB-	BBB-	-9.9	61.3	99.6	44.9	4.5	140.3	-8.7	1.5
Qatar	AA-	Aa3	AA-	AA-	A+	6.1	52.7	106.7	60.9	3.4	173.9	4.6	-1.0
Saudi Arabia	A-	A1	A	A+	AA-	-7.9	23.7	30.4	8.0	1.2	36.9	3.5	0.3
Syria	-	-	-	-	C	-	-	-	-	-	-	-	-
UAE	-	Aa2	-	AA-	AA-	-0.8	19.2	68.7	-	-	-	5.9	-0.8
Yemen	-	-	-	-	CC	-5.1	54.7	18.1	-	-	-	0.7	-



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	-	Ba3	BB-	-	B-	-1.8	48.5	81.7	-	-	-	-6.2	-
	-	Stable	Stable	-	Stable								
China	A+	A1	A+	-	A	-4.8	50.5	-	40.0	2.1	64.2	0.4	0.8
	Stable	Stable	Stable	-	Stable								
India	BBB-	Baa2	BBB-	-	BBB	-6.6	69.8	-	39.5	19.4	90.7	-2.5	1.6
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB-	Baa3	BBB	-	BBB	0.5	21.9	-	25.7	4.7	87.4	0.6	1.5
	Stable	Positive	Stable	-	Stable								
Pakistan	B-	B3	B-	-	CCC	-6.5	72.1	30.4	50.1	28.3	144.3	-6.1	0.87
	Stable	Stable	Stable	-	Stable								
Central & Eastern Europe													
Bulgaria	BBB-	Baa2	BBB	-	BBB	0.1	20.5	-	26.0	2.0	100.8	3.9	1.9
	Positive	Stable	Positive	-	Stable								
Romania	BBB-	Baa3	BBB-	-	BBB-	-2.9	36.6	-	25.8	4.2	95.1	-4.6	2.4
	Stable	Stable	Stable	-	Negative								
Russia	BBB-	Baa3	BBB	-	BBB-	2.8	14.0	-	17.2	2.6	57.4	7.0	-1.3
	Stable	Stable	Stable	-	Stable								
Turkey	B+	B1	BB-	BB-	B+	-3.6	29.1	-	84.3	5.9	176.4	-3.6	1.0
	Stable	Negative	Stable	Negative	Negative								
Ukraine	B	Caa1	B-	-	B-	-2.3	63.9	-	59.3	9.3	129.2	-3.7	1.0
	Stable	Stable	Stable	-	Stable								

* Central Government

** External debt, official debt, debtor based

*** Under Review for Downgrade

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



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.00-0.25	15-Mar-20	Cut 100bps	29-Apr-20
Eurozone	Refi Rate	0.00	12-Mar-20	No change	30-Apr-20
UK	Bank Rate	0.10	26-Mar-20	No change	07-May-20
Japan	O/N Call Rate	-0.10	16-Mar-20	No change	28-Apr-20
Australia	Cash Rate	0.25	19-Mar-20	Cut 25bps	07-Apr-20
New Zealand	Cash Rate	0.25	16-Mar-20	Cut 75bps	13-May-20
Switzerland	SNB Policy Rate	-0.75	19-Mar-20	No change	18-Jun-20
Canada	Overnight rate	0.75	13-Mar-20	Cut 50bps	15-Apr-20
Emerging Markets					
China	One-year Loan Prime Rate	4.05	20-Mar-20	No change	20-Apr-20
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	19-Mar-20	Cut 25bps	N/A
South Korea	Base Rate	0.75	16-Mar-20	Cut 50bps	28-May-20
Malaysia	O/N Policy Rate	2.50	03-Mar-20	Cut 25bps	05-May-20
Thailand	1D Repo	0.75	25-Mar-20	No change	20-May-20
India	Reverse repo rate	5.15	06-Feb-20	No change	03-Apr-20
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	9.25	16-Mar-20	Cut 300bps	02-Apr-20
Turkey	Repo Rate	9.75	17-Mar-20	Cut 100bps	22-Apr-20
South Africa	Repo rate	5.25	19-Mar-20	Cut 100bps	21-May-20
Kenya	Central Bank Rate	7.25	23-Mar-20	Cut 100bps	N/A
Nigeria	Monetary Policy Rate	13.50	24-Mar-20	No change	25-May-20
Ghana	Prime Rate	14.50	18-Mar-20	Cut 150bps	22-May-20
Angola	Base rate	15.50	30-Mar-20	No change	27-May-20
Mexico	Target Rate	6.50	20-Mar-20	Cut 50bps	14-May-20
Brazil	Selic Rate	3.75	18-Mar-20	Cut 50bps	06-May-20
Armenia	Refi Rate	5.25	17-Mar-20	Cut 25bps	28-Apr-20
Romania	Policy Rate	2.00	20-Mar-20	Cut 50bps	N/A
Bulgaria	Base Interest	0.00	01-Apr-20	No change	01-May-20
Kazakhstan	Repo Rate	12.00	16-Mar-20	No change	27-Apr-20
Ukraine	Discount Rate	10.00	12-Mar-20	Cut 100bps	23-Apr-20
Russia	Refi Rate	6.00	20-Mar-20	No change	24-Apr-20



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