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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

COVID-19 related trade facilitating measures cover $155bn of trade

The World Trade Organization (WTO) indicated that the Group of 20 (G20) major economies have put in place 133 new COVID-19 trade-related measures since the start of the pandemic, of which 84 were trade-facilitating and 49 were trade-restrictive. It added that the G20 economies imposed 23 new COVID-19 trade-restricting measures and 18 new COVID-19 trade facilitating procedures between mid-May 2020 and mid-October 2020. Trade facilitating measures that are related to the pandemic covered an estimated $155bn of trade merchandise, while similar restrictive procedures covered an estimated $111bn of global trade. Further, the WTO pointed out that G20 economies imposed 18 trade-restrictive measures that are unrelated to the virus between mid-May 2020 and mid-October 2020 compared to 31 similar measures between mid-October 2019 and mid-May 2020. Import-related restrictions accounted for 72.2% of total measures in the covered period, while export-related restrictions represented 27.8% of the total. In parallel, it said that the G-20 introduced 19 trade-liberalizing procedures that are unrelated to the virus between mid-May 2020 and mid-October 2020 compared to 30 facilitating measures between mid-October 2019 and mid-May 2020. Import-related trade-facilitating procedures accounted for 89.5% of the total in the covered period. Import-restrictive measures that are unrelated to the virus covered an estimated $43bn of trade merchandise, which is equivalent to 0.3% of G20 merchandise imports, while import-facilitating measures that are unrelated to the virus covered $36.8bn of global trade and accounted for 0.25% of G20 imports.
Source: World Trade Organization

Four out of 10 rated entities negatively affected by COVID-19 and drop in oil prices

S&P Global Ratings indicated that the creditworthiness of 43% of the sovereigns and companies that it rates were affected by the COVID-19 pandemic and the drop in oil prices as of November 23, 2020. It downgraded by one notch the ratings of 14.8% of rated entities and by multiple notches the ratings of 7.4% of rated entities worldwide, while it revised downward the outlook on 18% of the ratings and changed the CreditWatch placements of 2.7% of the ratings. It added that the pandemic and the drop in oil prices had a negative impact on the ratings of 32.3% of rated sovereigns, which consisted of 12.4% in rating downgrades and 20% outlook revisions. The agency noted that the dual shock adversely affected 85.3% of the ratings of capital goods companies, 79.2% of rated firms in the transportation sector, 76.6% of the ratings of companies in the automotive sector, as well as 49.7% of rated banks, among other sectors. S&P indicated that its negative rating actions were concentrated in the 'B' rating category and represented 42.3% of total adverse rating actions, followed by the 'BB' segment with 21% of the total, and the 'BBB' bracket (20.5%). Further, it noted that the dual shock negatively affected 62.5% of rated entities in Latin America, 42.6% of entities in North America, 38.4% of entities in the Europe, the Middle East & Africa region, and 38.3% of rated entities in Asia Pacific. The agency took about 64.5% of its rating actions between March 20 and May 8, 2020.
Source: S&P Global Ratings

MENA

Vast disparities in region's prosperity levels

The Legatum Institute's Prosperity Index for 2020 ranked the United Arab Emirates in 42nd place among 167 countries globally and in first place among 19 Arab economies. Qatar followed in 45th place, then Bahrain (56th), Kuwait (58th), and Oman (66th) as the five most prosperous Arab countries; while Libya (149th), Mauritania (154th), Syria (158th), Sudan (159th), and Yemen (165th) were the least prosperous Arab economies. The institute assesses the prosperity of citizens based on their material wealth and social well-being, while the data covers 294 indicators grouped in 12 sub-indices. The rankings of seven Arab countries improved from the previous survey and those of nine sovereigns deteriorated from 2019, while the rankings of three countries were unchanged year-on-year. In parallel, the scores of 15 countries improved year-on-year, while those of three economies regressed and the score of one country was unchanged from the 2019 survey. Further, the UAE came in first place on the Investment Environment, Governance, the Natural Environment, Education, Enterprise Conditions, Health and Market Access & Infrastructure sub-indices. Also, Kuwait came in first place among Arab countries on the Living Conditions sub-index, Bahrain ranked first on the Social Capital sub-index, Tunisia came in first place regionally on the Personal Freedom sub-index, and Qatar ranked first on the Economic Quality and the Safety & Security sub-indices.
Source: Legatum Institute, Byblos Research

SAUDI ARABIA

Profits of listed firms down 47% to $45bn in first nine months of 2020

The cumulative net income of 180 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR169.6bn, or $45.2bn, in the first nine months of 2020, constituting a decrease of 47% from SAR319.7bn, or $85.2bn, in the same period of 2019. Listed energy firms generated net profits of $35bn and accounted for 77.2% of total net earnings in the covered period. Listed banks followed with $6.7bn (15%), then telecommunications firms with $2.4bn (5.4%), the food & beverages industry with $767.4m (1.7%), insurers with $360.2m (0.8%), and retailers with $329.4m (0.7%); while listed companies in other sectors registered profits of $655.5m (1.4%). In parallel, listed commercial & professional services providers, diversified financials firms, consumer durables & apparel companies, as well as firms in the utilities, basic materials, transportation, and real estate sectors registered aggregate net losses of $960.4m in the first nine months of 2020. Further, the net earnings of insurers increased by 80.4% year-on-year in the first nine months of 2020, followed by the net income of food & staples retailers (+61%), the food & beverages industry (+50%), software services firms (+30.7%), healthcare equipment & services providers (+27.2%), consumer services companies (+20.5%), retailers (+5%), and telecommunications firms (+4%). In contrast, the net profits of energy companies decreased by 49% in the covered period, followed by the net earnings of banks (-27.6%), and media firms (-13.5%).
Source: KAMCO

OUTLOOK

WORLD

Effective vaccine to raise global growth rates by 0.7ppt in 2021 and 3ppt in 2022

Citi Research estimated the global economy to contract by 4% in 2020, as it forecast economic activity to decline by 5.3% in developed markets (DMs) and by 2.3% in emerging markets (EMs). It expected the distribution of a COVID-19 vaccine to raise global real GDP growth by 0.7 percentage point in 2021 and by three percentage points in 2022, as Coronavirus-related lockdown measures and restrictions on movements ease. It considered that the timing of the distribution of the vaccine would shape the path of the economic recovery in the 2021-22 period.

It anticipated that DMs will receive 85% of global vaccine orders in 2021, and will achieve herd immunity by the fourth quarter of the year. As such, it estimated that the distribution of the vaccine would raise real GDP growth by 1.2 percentage points in DMs in 2021 and by 3.9 percentage points in 2022. In contrast, it projected the recovery to be slower in EMs in the 2021-22 period as mobility in East Asia, including China, already recovered in mid-2020. Also, it suspected that the supply of vaccines may fall short of demand in EMs in 2021. In addition, it noted that lower-income economies with strained fiscal resources may not receive the vaccine before the end of 2022. As such, it estimated that the distribution of vaccines would raise real GDP growth in EMs by a marginal 0.1 percentage point in 2021 and by two percentage points in 2022.

Citi expressed concerns that the global economic recovery could be deferred, given the prevailing uncertainties related to the vaccine's effectiveness, the mass-production of the vaccine, and its acceptance rate. Under its downside scenario that assumes a delayed normalization of mobility, it expected that the distribution of vaccines will not have an impact on economic growth in 2021 and will increase the latter by 2.5 percentage points in 2022. In contrast, under its upside scenario that assumes an earlier-than-expected normalization of mobility, it estimated that the distribution of vaccines could raise global real GDP growth by 2.5 percentage points in 2021 and by 1.3 percentage points in 2022.
Source: Citi Research

Emerging markets debt to reach 225% of GDP in 2023, global debt level at 256% of GDP

S&P Global Ratings expected the level of global debt to surge by 14 percentage points in 2020 and to reach 265% of GDP at the end of this year. It forecast global corporate debt at 103% of GDP, government debt at 97% of GDP and household debt at 66% of GDP at the end of 2020. It estimated the debt-to-GDP ratio of sovereigns to surge by 19 percentage points in 2020, the debt level of corporates to expand by 15 percentage points and the debt-to-GDP ratio of households to increase by 6 percentage points this year. It pointed out that the expected build-up in sovereign debt is concentrated in the Group of Seven (G7) countries that consist of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. It projected the debt level of North America at 268% of GDP and of Europe at 238% of GDP at the end of 2023.

Further, it expected the debt level in emerging markets (EMs) to increase from 196% of GDP at the end of 2019 to 228% of GDP at end-2020, and to decline to 219% of GDP at end-2022, before increasing to 225% of GDP at the end of 2023. It forecast EM corporate debt at 113% of GDP, EM sovereign debt at 69% of GDP and EM household debt at 45% of GDP at the end of 2020. It projected EM corporate debt to reach 108% of GDP, EM sovereign debt to equal 67% of GDP and EM household debt to reach 50% of GDP at the end of 2023.

In parallel, S&P did not anticipate a near-term global debt crisis, as it expected the global economy to recover, in case of a wide availability of a COVID-19 vaccine by mid-2021, accommodative financing conditions, and adjustments in corporate, government, and household spending and borrowing patterns. It projected the global debt-to-GDP ratio to moderate to 256% of GDP by 2023, as governments scale back their stimulus packages, corporates slowly repair their balance sheets and households become more conservative borrowers.
Source: S&P Global Ratings

UAE

Real GDP to contract by 6% in 2020 and to recover to 3% in 2021

Samba Financial Group projected economic activity in the United Arab Emirates to contract by 5.9% in 2020 following a growth rate of 1% in 2019, mainly due to lower global oil prices and to the impact of the COVID-19 outbreak on economic activity. It anticipated real non-hydrocarbon GDP to decline by 6.5% this year due to subdued activity in the tourism, retail, real estate and hospitality sectors, as well as to a slowdown in business travel and weaker trade activity. It forecast economic growth at 3% in 2021, in case of higher oil production and a normalization of activity in the non-oil economy. It expected the pace of the recovery to be contingent on the rollout of an effective COVID-19 vaccine and on the influx of visitors associated with Expo 2020.

In parallel, it projected the UAE's fiscal deficit to widen from 1.5% of GDP in 2019 to 8.5% of GDP in 2020, mainly due to a 24% decline in public revenues that will offset the 5% cut in public spending this year. It expected authorities to step up fiscal consolidation efforts in the medium term through spending cuts and raising public sector productivity, as well as by broadening the non-oil revenue base. It noted that the authorities could resort to selling equity stakes in various government-related entities (GREs) in order to finance the deficit. It expected the deficit to narrow to 5% of GDP in 2021, in case of higher oil export receipts and a pickup in domestic activity. It forecast the public debt level at about 32% of GDP at the end of 2020, and noted that the government's exposure to GREs raises significant contingent liability risks.

Further, Samba forecast the current account surplus to increase from 1% of GDP in 2020 to 2% of GDP in 2021, in case of a gradual recovery in oil prices and production, and a sustained pickup in global trade activity. It pointed out that the UAE's external position is extremely robust, with foreign assets equivalent to about 272% of GDP at the end of 2020.
Source: Samba Financial Group

WORLD

Rebound in travel activity to be gradual despite expected coronavirus vaccine

Fitch Ratings anticipated that global demand for travel and tourism will take several years to recover to pre-COVID-19 levels, despite the possibility that coronavirus vaccines could be available by the end of 2020 or early 2021. It did not expect revenues in the industries that depend on travel to recover before 2024 to their pre-pandemic levels. It forecast the median demand for travel services across sectors to contract by 65% in 2020, by 36.2% in 2021, by 16% in 2022 and by 10% in 2023, and to start recovering in 2024. It projected revenue passenger kilometers (RPK) for airlines in Europe, the Middle East & Africa to drop by 75% in 2020 and by 15% in 2023, but expected RPKs to start recovering in 2024. In addition, it anticipated growth in revenues for global distribution systems, as well as revenues per available rooms at lodgings in the U.S., in Europe, the Middle East & Africa, and in Asia-Pacific to remain in negative territory throughout the covered period. Also, Fitch expected global demand for leisure travel to recover faster than the demand for corporate travel, as it forecast corporate travel bookings to decline by 5% and for leisure travel bookings to start recovering in 2024. However, it cautioned that its recovery assumptions are subject to uncertainties about the medium-term impact of the pandemic on consumer behavior, despite the positive vaccine news.

Source: Fitch Ratings

TUNISIA

Outlook on ratings revised to 'negative' on worsening economic activity and fiscal position

Fitch Ratings affirmed at 'B' Tunisia's long- and short-term local- and foreign-currency Issuer Default Ratings, and revised from 'stable' to 'negative' the outlook on the long-term ratings. It attributed the outlook revision to the deterioration in economic activity as a result of the COVID-19 pandemic and to the country's worsening fiscal position. It projected the fiscal deficit to widen from 3.3% of GDP in 2019 to 10.5% of GDP in 2020 due to a rise in payroll expenditures, to higher pandemic-related spending, and to lower public revenues. It considered that a successor arrangement to the program with the International Monetary Fund that expired earlier this year is key to support the country's external financing flexibility, and anticipated that delays in reaching a deal could jeopardize additional official funding and undermine the government's 2021 financing agenda. In addition, it indicated that the government's plan to resort to the monetization of the deficit will undermine efforts to restore macroeconomic stability, but that it would support the sovereign's financing flexibility in the short term. Further, it forecast the public debt level to rise from 72.5% of GDP at the end of 2019 to a record 89% of GDP at end-2021, and noted that the debt trajectory is highly vulnerable to exchange rate fluctuations, as 71% of the debt stock is denominated in foreign currency. It added that significant contingent liabilities from weak state-owned enterprises (SOEs) pose risks to the debt trajectory, as the government-guaranteed debt of SOEs is equivalent to about 15% of GDP. In parallel, Fitch expected the rise in international reserves from $5.4bn at end-June 2019 to $8.4bn at end-October 2020 to support the government's external debt servicing capacity.

Source: Fitch Ratings

EGYPT

Real GDP growth to reach 2.8% in FY2020/21

The International Monetary Fund indicated that Egypt's economy performed better-than-expected amid the COVID-19 outbreak, due to the authorities' comprehensive stimulus package, the monetary policy response, targeted financial sector initiatives, as well as timely financing of nearly $8bn from the IMF's Rapid Financing Facility and Stand-by Arrangement. It projected real GDP to grow by 2.8% in the fiscal year that ends in June 2021, following an expansion of 3.6% in FY2019/20, supported by a modest recovery in all sectors except in tourism, as the second global wave of COVID-19 infections continues to disrupt international travel. In parallel, the Fund noted that the authorities' commitment to reforms helped meet all the targets of Egypt's program with the IMF for the end of September 2020. It added that the fiscal balance results were better-than-expected, while the increase in net international reserves was higher-than-anticipated. Also, it pointed out that the government is focused on addressing immediate healthcare priorities, protecting the most vulnerable segments of the population, and supporting sectors affected by the pandemic, while aiming to achieve a primary surplus of 0.5% of GDP in FY2020/21. It considered that a primary surplus of 2% of GDP is crucial to reducing the public debt level and supporting fiscal sustainability. Further, it welcomed the Central Bank of Egypt's recent interest rate cuts to further support economic recovery amid low inflation rates. The IMF encouraged authorities to maintain exchange rate flexibility to absorb external shocks, while it stressed that sustained progress in key structural reforms is vital to build resilience and support investor confidence.

Source: International Monetary Fund

OMAN

Elevated financing needs in 2021-25 period

The Institute of International Finance indicated that the sharp drop in global oil prices and the COVID-19 outbreak have heightened the vulnerabilities of Oman's economy. However, it said that authorities have responded by implementing significant fiscal and structural reforms, such as a 10% reduction in spending on wages, defense, and transfers to public companies, as well as a planned 5% value added tax and an income tax in early 2021, with the aim to generate around 2% of GDP in additional non-hydrocarbon revenues. Still, it projected the fiscal deficit to widen from 7.1% of GDP in 2019 to 13.4% of GDP in 2020. Also, it forecast financing needs to remain elevated in the 2021-25 period, and for authorities to meet their funding needs through domestic and external debt issuance, as well as by drawing down Oman's sovereign wealth fund. It expected the fiscal deficit to significantly narrow beyond 2020, in case of cuts in spending, tax reforms and higher hydrocarbon production. As such, it projected the public debt level to peak at 75.7% of GDP at end-2020 and to gradually decline to 67% of GDP by end-2025. Further, it forecast the current account deficit to widen from 5.4% of GDP in 2019 to 12.8% of GDP in 2020, due to lower export receipts. In parallel, the IIF projected real GDP to grow by 1.5% in 2021, following an expected contraction of 6.2% this year, as it anticipated non-hydrocarbon real GDP to expand by 1.8% relative to a retreat of 9% in 2020, and for hydrocarbon real GDP to grow by 1% after shrinking by 2% in 2020.

Source: Institute of International Finance

EMERGING MARKETS

Banks subject to potential downgrades in 2021

Fitch Ratings indicated that banks in Emerging Markets (EM) are facing persistent downward pressure on their ratings, given that the agency has a 'negative' outlook on the ratings of 50% of EM banks. It noted that the 'negative' outlooks reflect mainly the potential deterioration of the banks' financial metrics from the pandemic-induced economic downturn, as well as the risks to the credit profiles of EM sovereigns and bank shareholders. It added that the downgrades of the ratings of EM banks have been largely concentrated in Latin America, notably Chile, Colombia and Mexico, and in the Middle East & Africa region, specifically Bahrain, Nigeria, Oman, and South Africa. It attributed the relative steadiness in the ratings of EM banks to some banks' elevated buffers to absorb losses, to the potential support from the banks' domestic sovereigns or foreign shareholders, and to the anticipated recovery of the global economy in 2021. Further, the agency pointed out that the deterioration in asset quality constitutes the main risk for EM banks. It expected impaired loans to increase at most EM banks next year, following the expiration of payment holidays and forbearance measures that authorities introduced to help lenders and borrowers weather the COVID-10 shock, which would necessitate higher provisioning. The agency indicated that the ratings of banks in Latin America are facing the highest probability of downgrades among EM markets, due to the deep economic contraction in the region and elevated loan deferrals, with 76% of bank ratings on 'negative' outlook. It added that the ratings of banks in Nigeria, Oman, Saudi Arabia, South Africa and Turkey could be subject to negative action due to the adverse economic and financial impact of the pandemic on their respective economies.

Source: Fitch Ratings

GCC

Banks' profits down 26.5% in third quarter of 2020

The results of 61 listed banks in Gulf Cooperation Council (GCC) countries show that the banks posted aggregate net profits of $7.5bn in the third quarter of 2020, constituting an increase of 56.5% from $4.8bn in the previous quarter and a drop of 26.5% from $10.2bn in the third quarter of 2019. The increase in the banks' aggregate net income is mainly due to a decline of 12% in provisions to $4.4bn in the third quarter of the year, and to the drop in the cost of funds that reached 1.9% at the end of September. Also, the banks' non-interest income grew by 14.6% quarter-on-quarter to $5.7bn in the covered quarter, compared to a marginal rise of 0.4% in net interest income during the quarter. In addition, the banks' net interest margins regressed from 3.07% in the second quarter of 2020 to 2.98% in the third quarter, one of the lowest quarterly levels on record. In parallel, the aggregate assets of GCC banks stood at $2.53 trillion (tn) at the end of September 2020, and increased by 6.6% from the end of 2019 and by 10% from end-September 2019, mainly supported by strong growth in the assets of Islamic banks in the region. Further, aggregate net loans expanded by 5.2% from end-2019 to $1.52tn at the end of September 2020, while customer deposits increased by 7% in the first nine months of the year to $1.91tn. As such, the aggregate loans-to-deposits ratio of GCC banks regressed from 80.6% at the end of 2019 to 79.3% at end-September 2020.

Source: KAMCO

QATAR

Banks face higher risks from increased reliance on external funding

S&P Global Ratings maintained Qatar's banking sector in 'Group 5' under its Banking Industry Country Risk Assessment (BICRA), but it revised the industry risk score from '5' to '6' due to higher funding risks and kept the economic risk score at '5', with a 'stable' trend for both categories. 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. S&P indicated that Qatar's economic risk score reflects "high risks" in economic imbalances, an increase in credit risks in the economy from "intermediate" to "high", as well as an improvement from "intermediate risks" to "low risks" in terms of economic resilience. It said that sustained rapid lending growth in a weak economic environment could worsen economic imbalances and could lead to a downgrade of the economic risk assessment. In parallel, it pointed out that the industry score reflects the increase from "high" to "very high" of system-wide funding risks, as well as "intermediate risks" in the institutional framework and the competitive dynamics. It attributed the rise in funding risks to the banks' increased reliance on non-resident deposits and external debt, which can be volatile in times of economic or geopolitical instabilities. It noted that the net external liabilities of the Qatari banking sector reached almost $99bn at the end of September. In parallel, the agency affirmed the issuer credit rating of Qatar National Bank at 'A', and of Qatar Islamic Bank at 'A-', with a 'stable' outlook.

Source: S&P Global Ratings

TURKEY

Nearly 60% of banks' available liquidity in foreign currency is at Central Bank

Fitch Ratings indicated that the Turkish banking sector's available liquidity in foreign currency, which stood at $82bn at the end of September 2020, is adequate to cover a short-lived market shutdown and moderate outflows of foreign-currency denominated deposits. It estimated the banks' potential 12-month foreign-currency debt servicing requirements, in the event of a market closure, at about $45bn at end-September. In addition, it pointed out that foreign currency deposits increased by 10% in the first nine months of 2020 to $242bn at the end of September and accounted for 54% of total deposits. It considered that the higher dollarization rate of deposits supports the banks' liquidity position in foreign currency, but creates liquidity risks in case of deposit outflows or instability. However, it pointed out that the banks' access to foreign currency liquidity has become highly reliant on the Central Bank of the Republic of Turkey (CBRT) since regulations limited swap transactions with foreign counterparties in the first quarter of the year. It estimated the banks' liquidity in foreign currency at the CBRT at $47bn at the end of September, equivalent to 58% of the banks' available liquidity in foreign currency, relative to 25% at end-2019. It also estimated the CBRT's net reserves, including gold, at -$46bn at the end of September. It cautioned that Turkey's external finances could come under pressure in case banks have to repay large amounts of foreign debt using their liquidity at the CBRT, since banks' liquidity makes up the majority of the CBRT's assets in foreign currency.

Source: Fitch Ratings

Brent oil prices to average $50 p/b in 2021

ICE Brent crude oil front-month prices reached $48.6 per barrel (p/b) on November 25, 2020, their highest level since early March. Oil prices rose in the week ending November 25 on additional positive news about coronavirus vaccines, as well as expectations that OPEC and non-OPEC countries will extend the current production cut of 7.7 million barrels per day (b/d). In addition, oil prices were supported by a decline of 0.8 million barrels in U.S. oil inventories in the week ending November 20. However, Bank of America warned against excessive optimism based on the latest COVID-19 vaccine updates. Still, it forecast Brent oil prices to average $50 per barrel (p/b) in 2021, as it expected the 2.9 million b/d surplus in global markets in 2020 to shift to a deficit of 1.6 million b/d in 2021. In addition, it anticipated global oil inventories to continue to decline and to normalize by the end of 2021. It pointed out that oil prices could reach $60 p/b by mid-2021 in case COVID-19 vaccines are successfully distributed worldwide. It assumed that Iran and Venezuela's oil output will remain low in 2021. In parallel, Goldman Sachs expected OPEC and non-OPEC members to extend their production cut agreement for three months. It forecast Brent oil prices to average $47 p/b in the first quarter of 2021 in case OPEC delays its planned two million b/d increase in oil production. Alternatively, it pointed out that oil prices would average $42 p/b in case the group decides to raise its oil output.

Source: Oilprice, Goldman Sachs, Bank of America, Refinitiv

Steel output down 2% in first 10 months of 2020

Global steel production reached 1.51 billion tons in the first 10 months of 2020, constituting a decrease of 2% from 1.54 billion tons in the same period of 2019. Production in China totaled 874 million tons and accounted for 57.8% of global output in the covered period. India followed with 79.7 million tons (5.3%), then Japan with 68.4 million tons (4.5%), the U.S. with 60 million tons and Russia with 59.3 million tons (4% each), as well as South Korea with 55 million tons (3.6%).

Source: World Steel Association, Byblos Research

Saudi Arabia's oil exports up 1.6% in September

Oil exports from Saudi Arabia amounted to 6.1 million barrels per day (b/d) in September 2020, constituting an increase of 1.6% from 6 million b/d in August and compared to 6.7 million b/d in September 2019. In parallel, the Kingdom's crude oil output averaged 9 million b/d in September 2020, unchanged from the previous month and relative to 9.1 million b/d in September 2019. Further, Saudi Arabia's crude oil export receipts reached $9.4bn in September 2020 and dropped by $5.9bn, or 38.7%, from $15.3bn in September 2019.

Source: Joint Organizations Data Initiative, General Authority for Statistics

Algeria's oil & gas receipts to drop by 30% in 2020

The Ministry of Energy & Mining in Algeria expected the country's gas exports to reach 41 billion cubic meters (bcm) in 2020, constituting a decrease of 4.7% from 43 bcm in 2019. It attributed the decline to increased competition from cheaper gas in the U.S., and to lower demand for gas from Europe. Further, it projected revenues generated from the oil and gas sector at $23bn this year, constituting a drop of about 30% from $33bn in 2019.

Source: Refinitiv

Base Metals: Copper prices to average $7,100 in first quarter of 2021

LME copper cash prices averaged $7,000 per ton so far in November 2020, constituting an increase of 4.3% from an average of $6,714 a ton in October and relative to an average of $6,705 per ton in September 2020. Prices grew by 8.6% from the end of October 2020, and closed at $7,283 per ton on November 25, their highest level since June 2018. Positive developments about an effective vaccine for the coronavirus, low copper inventories, a weaker US dollar, as well as expectations of an increase in demand for copper from China drove the recent rise in prices. In addition, optimism about an economic stimulus in the U.S. boosted market sentiment and contributed to the price increase. Bank of America projected copper prices to average $7,100 per ton in the first quarter of 2021, supported by a recovering demand. In parallel, the latest figures show that global demand for refined copper was 16.4 million tons in the first eight months of 2020, up by 1% year-on-year, as the 12.5% growth in Chinese demand offset the 10% decrease in demand in the rest of the world. Also, global refined copper production increased by 1.2% annually to 16.1 million tons in the covered period, as higher output from Chile, the Democratic Republic of the Congo, Japan and Zambia was partially offset by lower production in the U.S., China, and India.

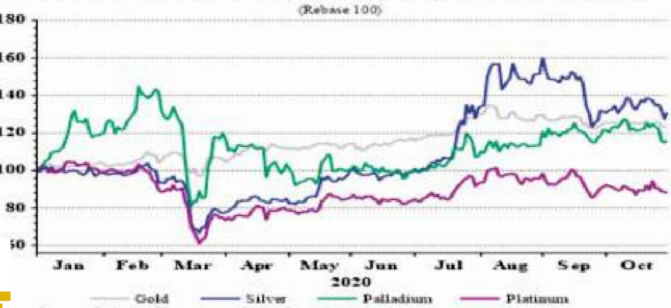
Source: International Copper Study Group, Refinitiv

Precious Metals: Silver prices up 23% in first 10 months of 2020 on record-high inflows to ETFs

Silver prices averaged $19.7 per troy ounce in the first 10 months of 2020, constituting an increase of 23% from an average of $16 an ounce in the same period of 2019. The rise in silver prices has been mainly driven by record-high inflows into silver exchange-traded funds (ETFs), as investors started to switch to silver as a cheaper alternative to gold. In fact, inflows into silver-backed ETFs nearly tripled in the first three quarters of 2020 from the same period last year, which resulted in global silver ETF holdings of 1.026 ounces at the end of September 2020. In parallel, Citi Research projected global supply of silver to decline by 6.2% to 955.7 million ounces this year, due to a drop in mine production and scrap supply. Also, it anticipated worldwide demand for the metal to decrease by 3.7% to 954.7 million ounces in 2020, due to lower demand from the photography industry and a decline in industrial consumption. It projected silver prices to increase from $16.2 an ounce in 2019 to $21.5 per ounce in 2020. It expected the rebound in Chinese and Indian imports of silver, as well as a further rise in inflows into silver-backed ETFs and strong growth in industrial and jewelry consumption, to support an increase in the metal's price next year. As such, it forecast silver prices to further grow to $33 per once in 2021.

Source: Citi, The Silver Institute, Refinitiv, Byblos Research

Price Performance of Precious Metals in First 10 Months of 2020
(Rebase 100)



Source: Refinitiv Datastream, Byblos Research

COUNTRY RISK METRICS

Countries	S&P	Moody's	LT Foreign currency rating Fitch	CI	IHS	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-4.8	-	-	-	-	-	-21.4	-
Angola	CCC+	Caa1	CCC	-	CCC								
	Stable	Stable	-	-	Negative	-4.0	127.1	7.7	91.1	45.4	122.9	-14.4	9.5
Egypt	B	B2	B+	B+	B+								
	Stable	Stable	Stable	Stable	Stable	-8.3	86.5	6.0	71.4	44.8	120.1	-4.6	1.8
Ethiopia	B	B2	B		B+								
	Negative	Negative	Negative	-	Negative	-3.2	31.3	2.3	64.8	4.5	175.3	-7.3	2.0
Ghana	B-	B3	B	-	BB-								
	Stable	Negative	Stable	-	Negative	-9.0	66.7	2.7	49.6	52.1	128.0	-4.3	3.8
Côte d'Ivoire	-	Ba3	B+	-	B+								
	-	Stable	Positive	-	Stable	--5.5	43.2	4.8	-	14.4	-	-4.0	0.2
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep	CCC+	Caa1	-	-	CCC								
Congo	Stable	Stable	-	-	Stable	-1.5	12.6	0.3	6.4	1.9	120.7	-5.3	2.5
Morocco	BBB-	Ba1	BBB-	-	BBB								
	Negative	Stable	Negative	-	Stable	-7.4	61.6	6.0	40.4	9.2	101.3	-8.9	1.0s
Nigeria	B-	B2	B	-	B-								
	Stable	Negative	Stable	-	Negative	-5.0	47.6	4.5	62.1	56.7	130.1	-6.6	0.2
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Tunisia	-	B2	B	-	B+								
	-	Negative	Negative	-	Negative	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B	-	-	-	B+								
	Stable	-	-	-	Stable	-5.0	46.7	0.5	28.51	5.18	140.33	-5.52	0.5
Rwanda	B+	B2	B+	-	B+								
	Negative	Negative	Stable	-	Stable	-12.46	67.5	4.76	30.01	7.51	124.17	-16.44	1.0
Middle East													
Bahrain	B+	B2	B+	BB-	BB-								
	Stable	Stable	Stable	Negative	Negative	-12.1	114.4	-0.9	207.3	33.9	349.5	-10.1	2.2
Iran	-	-	-	B	BB-								
	-	-	-	Negative	Negative	-9.3	-	-	-	-	-	-5.0	-
Iraq	B-	Caa1	B-	-	CC+								
	Stable	Stable	Negative	-	Stable	-17.5	84.4	-0.1	6.9	8.3	140.9	-11.0	-1.0
Jordan	B+	B1	BB-	B+	BB+								
	Stable	Stable	Negative	Stable	Stable	-5.0	85.6	1.7	82.9	11.6	170.0	-6.8	1.5
Kuwait	AA-	A1	AA	AA-	AA-								
	Negative	Stable	Stable	Stable	Stable	-9.7	11.6	2.1	72.6	0.9	160.6	-13.6	0
Lebanon	SD	C	C	SD	CCC								
	-	-	-	-	Negative	-12	197.2	7.5	143.0	80.3	149.7	-5.1	1.5
Oman	B+	Ba3	BB-	BBB-	BB-								
	Stable	Negative	Negative	Negative	Negative	-16.5	83.8	1.7	43.5	11.4	144.6	-15.6	3.8
Qatar	AA-	Aa3	AA-	AA-	A+								
	Stable	Stable	Stable	Stable	Negative	-0.6	84.6	3.1	201.8	8.5	242.2	-4.9	-1.5
Saudi Arabia	A-	A1	A	A+	A+								
	Stable	Negative	Negative	Stable	Stable	-12.6	35.6	19.7	21.9	3.3	48.5	-9.8	-1.1
Syria	-	-	-	-	C								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-	AA-								
	-	Stable	Stable	Stable	Stable	-	-	-	-	-	-	-	-
Yemen	-	-	-	-	CC								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	IHS	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia													
Armenia	-	Ba3	B+	-	B-								
	-	Stable	Stable	-	Stable	-5.0	62.0	-	-	9.9	-	-8.5	0.9
China	A+	A1	A+	-	A								
	Stable	Stable	Stable	-	Stable	-11.1	56.0	14.4	47.0	2.2	66.7	1.2	0.4
India	BBB-	Baa3	BBB-	-	BBB								
	Stable	Negative	Negative	-	Negative	-11.5	84.6	10.6	56.8	32.1	84.1	-0.9	1.1
Kazakhstan	BBB-	Baa3	BBB	-	BBB-								
	Stable	Positive	Stable	-	Negative	-5.1	20.9	5.4	34.9	8.9	100.0	-5.9	3.4
Pakistan	B-	B3	B-	-	CCC								
	Stable	Stable	Stable	-	Stable	-9.5	88.2	0.5	42.7	61.2	145.8	-1.5	0.5
Central & Eastern Europe													
Bulgaria	BBB	Baa2	BBB	-	BBB								
	Stable	Positive	Stable	-	Stable	-4.0	25.6	2.8	32.0	1.6	104.9	1.9	0.5
Romania	BBB-	Baa3	BBB-	-	BBB-								
	Negative	Negative	Stable	-	Negative	-8.0	46.2	4.0	28.0	4.9	101.5	-4.8	0.5
Russia	BBB-	Baa3	BBB	-	BBB-								
	Stable	Stable	Stable	-	Stable	-6.8	22.9	13.0	23.7	4.9	58.3	0.8	0
Turkey	B+	B2	BB-	B+	B-								
	Stable	Negative	Negative	Stable	Stable	-5.0	38.0	1.8	83.6	9.5	161.9	-1.0	0.5
Ukraine	B	B3	B	-	B-								
	Stable	Stable	Stable	-	Stable	-7.1	65.1	3.8	55.0	7.3	118.5	-6.0	0.5

** Current account payments*

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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.00-0.25	05-Nov-20	No change	16-Dec-20
Eurozone	Refi Rate	0.00	29-Oct-20	No change	10-Dec-20
UK	Bank Rate	0.10	05-Nov-20	No change	17-Dec-20
Japan	O/N Call Rate	-0.10	29-Oct-20	No change	18-Dec-20
Australia	Cash Rate	0.10	03-Nov-20	Cut 15bps	01-Dec-20
New Zealand	Cash Rate	0.25	11-Nov-20	No change	24-Feb-21
Switzerland	SNB Policy Rate	-0.75	24-Sep-20	No change	17-Dec-20
Canada	Overnight rate	0.25	28-Oct-20	No change	09-Dec-20
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-Nov-20	No change	21-Dec-20
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	17-Sep-20	No change	N/A
South Korea	Base Rate	0.50	26-Nov-20	No change	N/A
Malaysia	O/N Policy Rate	1.75	03-Nov-20	No change	N/A
Thailand	1D Repo	0.50	18-Nov-20	No change	23-Dec-20
India	Reverse repo Rate	4.00	09-Oct-20	No change	04-Dec-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	8.25	12-Nov-20	Cut 50bps	24-Dec-20
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	15.00	19-Nov-20	Raised 475bps	24-Dec-20
South Africa	Repo Rate	3.50	19-Nov-20	No change	21-Jan-21
Kenya	Central Bank Rate	7.00	29-Sep-20	No change	26-Nov-20
Nigeria	Monetary Policy Rate	11.50	24-Nov-20	No change	N/A
Ghana	Prime Rate	14.50	23-Nov-20	No change	25-Jan-21
Angola	Base Rate	15.50	28-Sep-20	No change	27-Nov-20
Mexico	Target Rate	4.25	12-Nov-20	No change	17-Dec-20
Brazil	Selic Rate	2.00	28-Oct-20	No change	09-Dec-20
Armenia	Refi Rate	4.25	27-Oct-20	No change	15-Dec-20
Romania	Policy Rate	1.50	12-Nov-20	No change	N/A
Bulgaria	Base Interest	0.00	02-Nov-20	No change	01-Dec-20
Kazakhstan	Repo Rate	9.00	26-Oct-20	No change	14-Dec-20
Ukraine	Discount Rate	6.00	22-Oct-20	No change	10-Dec-20
Russia	Refi Rate	4.25	23-Oct-20	No change	18-Dec-20

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