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NEWS HEADLINES

EMERGING MARKETS

Fixed income trading down 20% to $1,133bn in third quarter of 2020

Trading in emerging markets debt instruments reached $1,133bn in the third quarter of 2020, constituting a decrease of 20% from $1,416bn in the third quarter of 2019 and of 14% from $1,311bn in the second quarter of 2020. Turnover in local-currency instruments reached $672bn in the third quarter of 2020, down by 16% from $804bn in the third quarter of 2019 and by 13% from $768bn in the second quarter of 2020. In parallel, trading in Eurobonds stood at $454bn in the third quarter of 2020 and decreased by 26% from $610bn in the same quarter of 2019 and by 15% from $537bn in the preceding quarter. The volume of traded sovereign Eurobonds reached $272bn and accounted for 60% of total Eurobonds traded in the covered quarter, while the volume of traded corporate Eurobonds amounted to $173bn or 38% of the total. In addition, loan assignments reached $5.9bn, while turnover in warrants and options stood at $405m in the third quarter of 2020. The most frequently-traded instruments in the covered quarter were Mexican fixed income assets with a turnover of $156bn, or 14% of the total, followed by securities from Brazil with $147bn (13%), and instruments from China with $116bn (10%). Other frequently-traded instruments consisted of fixed income securities from India at $82bn (7.2%) and from Columbia at $51bn (4.5%).
Source: EMTA

GCC

Fixed income issuance up 4% to $145bn in 2020

Total fixed income issuance in Gulf Cooperation Council (GCC) countries reached $145.3bn in 2020, constituting an increase of 4.3% from $139.3bn in 2019. Fixed income issuance in 2020 consisted of $47.9bn in corporate bonds, or 33% of the total, followed by $47.5bn in sovereign bonds (32.7%), $30bn in sovereign sukuk (20.6%), and $20bn in corporate sukuk (13.8%). Further, aggregate issuance by GCC sovereigns amounted to $77.4bn in 2020, or 53.3% of aggregate issuance in the region; while bonds and sukuk issued by corporates in the GCC reached $67.9bn, or 46.7% of the total. GCC sovereigns issued $1.7bn in bonds and sukuk in January, $10.2bn in February, $4.2bn in March, $27.3bn in April, $4.1bn in May, $3.7bn in June, $11.9bn in July, $0.5bn in August, $10.8bn in September, $2.5bn in October, and $0.5bn in November, while they did not issue bonds or sukuk in December 2020. In parallel, companies in the GCC issued $3.3bn in bonds and sukuk in January, $10.9bn in February, $1.6bn in March, $1.7bn in April, $6.9bn in May, $4.9bn in June, $5.5bn in July, $1.5bn in August, $8.3bn in September, $4.6bn in October, $17.6bn in November, and $1.1bn in December 2020. Further, corporate issuance in December 2020 shows that Kuwait-based companies issued $500m in bonds and accounted for 70.3% of the total, followed by Qatar-based firms with $151.2m in bonds (21.3%), and UAE-based firms with $60m in bonds (8.4%).
Source: KAMCO

MENA

Stock markets down 4% in 2020

Arab stock markets declined by 4% and Gulf Cooperation Council equity markets decreased by 1% in 2020, relative to increases of 8.7% and 6.7%, respectively, in 2019. In comparison, global stocks surged by 14% and emerging market equities expanded by 12.8% in 2020. The index of the Beirut Stock Exchange jumped by 242.4% in 2020, the index of the Damascus Securities Exchange rose by 38.5%, activity on the Khartoum Stock Exchange improved by 14.3%, the Saudi Stock Exchange increased by 3.6%, and the Iraq Stock Exchange grew by 3%. In contrast, activity on the Egyptian Exchange dropped by 22.3% in 2020, the Palestine Exchange decreased by 10.4%, the Dubai Financial Market contracted by 10%, the Amman Stock Exchange retreated by 8.7%, the Muscat Securities Market regressed by 8%, the Bahrain Bourse declined by 7.5%, while the Boursa Kuwait and the Casablanca Stock Exchange lost 7.3% each. Also, activity on the Tunis Bourse deteriorated by 3.3%, and the Abu Dhabi Securities Exchange decreased by 0.6%. Further, the Qatar Stock Exchange was nearly unchanged at the end of 2020 from end-2019.
Source: Local stock markets, Dow Jones Indices, Byblos Research

Property rights level varies across region

The Property Rights Alliance's 2020 International Property Rights Index indicated that the UAE has the 21st highest level of property rights among 129 countries worldwide and the highest level among 14 Arab economies. Qatar followed in 26th place, then Oman (32nd), Saudi Arabia (36th) and Bahrain (38th) as the five countries with the highest level of property rights. In contrast, Lebanon (108th), Mauritania (115th), and Yemen (128th) have the lowest levels of property rights in the region. The index measures the strength and protection of physical and intellectual property rights in a country. It is a composite of three equally weighted sub-indices that are the Legal & Political Environment Sub-Index, the Physical Property Rights Sub-Index and the Intellectual Property Rights Sub-Index. The index rates the property rights level of each country on a scale from zero to 10, with a score of 10 reflecting the highest level of property rights. The UAE ranked first on all three sub-indices. In addition, the Arab region's average score stood at 5.6 points, and was lower than the global average of 5.73 points. It was also lower than the average score of North America (8 points), Western Europe (7.6 points), and Asia & Oceania (6.2 points), but came higher than the average score of Central Eastern Europe & Central Asia (5.5 points), Africa (4.7 points), and Latin America & the Caribbean (5.1 points). Further, the ranks of 12 Arab economies improved and those of two countries deteriorated, while the scores of five Arab economies increased and those of nine countries declined from the previous survey.
Source: Property Rights Alliance, Byblos Research

OUTLOOK

MENA

Real GDP growth projected at 1.8% in oil-exporters, at 3.2% for oil-importers in 2021

The World Bank projected the Middle East & North Africa (MENA) region to post a real GDP growth rate of 2.1% in 2021, following a contraction of 5% in 2020. In comparison, it forecast real GDP to contract by 5% for emerging and developing economies and by 4% for the global economy this year. It attributed the economic recovery mainly to a rise in global oil demand and easing domestic lockdowns in the region. It considered that the outlook is highly vulnerable to a resurgence of COVID-19 infections, to the volatility in global oil prices, additional pressure on the balance-of-payments in the region, as well as to geopolitical tensions and political instability. It noted that the forecasts assume the large-scale distribution and administration of COVID-19 vaccines in the MENA region in the second half of 2021, as well as for oil prices to average $44 per barrel (p/b) in 2021 and $50 p/b in 2022.

It projected real GDP in the MENA region's oil-exporters to grow by 1.8% in 2021, following a contraction of 5.7% in 2020, supported by the normalization of oil demand, the easing of production cuts under the OPEC+ agreement, policy support from governments in the region, and the gradual phasing out of domestic pandemic-related restrictions. Further, it anticipated weak public finances to limit the economic recovery of the region's oil exporters over the medium term, despite additional liquidity support from their respective monetary authorities. As such, it forecast real GDP growth for MENA oil exporters at 2.8% in 2022.

In parallel, the World Bank projected economic activity in the MENA's oil-importing countries to expand by 3.2% in 2021 following a contraction of 2.2% in 2020, mainly due to the easing of mobility restrictions in the region, as well as to a slow recovery in exports and in domestic demand. However, it anticipated the economic recovery to be constrained by low levels of investments, by subdued external demand from weak growth prospects in the Eurozone, and by limited fiscal space for MENA oil-importing governments. As such, it forecast real GDP growth for MENA oil importers at 4.3% in 2022.

Source: World Bank

GCC

Sovereign wealth funds to play stabilizing role for public finances

Fitch Ratings anticipated the assets of the sovereign wealth funds (SWFs) of Abu Dhabi, Kuwait and Qatar to increase in 2020 from the preceding year, driven by solid market returns, despite the drawdown of more than $60bn in foreign assets and other deposits to cover the governments' funding needs in 2020. It projected the Kuwait Investment Authority's (KIA) foreign assets to increase from the equivalent of 518% of GDP in 2019 to 607% of GDP in 2020, the assets of the Abu Dhabi Investment Authority (ADIA) to grow from 222% of GDP in 2019 to 253% of GDP in 2020, and the assets of the Qatar Investment Authority (QIA) to rise from 137% of GDP in 2019 to 161% of GDP in 2020.

It indicated that the three governments resorted to asset drawdowns from their SWFs and to debt issuance to cover the financing needs that resulted from the coronavirus and the collapse in global oil prices in 2020. It forecast gross foreign debt issuance in Kuwait and the UAE to exceed $20bn in 2021 and for drawdowns from their SWFs and other assets to surpass $30bn, while it expected Qatar to draw down about $30bn from its foreign assets to reduce its elevated debt level and to cover its fiscal deficit.

Further, it expected the assets of the three SWFs to remain elevated in the medium term, even under adverse scenarios in the oil market. Under its baseline scenario that anticipates a 2% return on the assets of the SWFs and a 2% per year increase in oil production starting in 2022, Fitch expected the KIA's foreign assets to decline to 145% of GDP by 2040, ADIA's foreign assets to regress to 122% of GDP by 2040, and QIA's foreign assets to rise to 181% of GDP by 2040, supported by the expansion of gas production in the North Field. However, it noted that the three countries could deplete their SWF assets in the long term, in case oil prices do not recover sufficiently, hydrocarbon production stalls, fiscal adjustments lag, and financial market returns are low.

Source: Fitch Ratings

SAUDI ARABIA

Real non-hydrocarbon GDP to grow by 3.7% in 2021

Samba Investment Group considered that the COVID-19 outbreak and the sharp drop in global oil prices have significantly weighed on the economy of Saudi Arabia in 2020. It projected real GDP growth at 3% in 2021 following a contraction of 4.7% in 2020, as it anticipated the distribution of an effective vaccine to take place in the second quarter of 2021. It also expected the economic recovery to be contingent on a modest increase in government spending in case of a rebound in oil prices and production, as well as on higher spending by the Public Investment Fund. It anticipated private investments to remain subdued as companies repair their balance sheets, while it expected household consumption to decline due in part to the impact of the increase in the value-added tax (VAT). It projected real non-hydrocarbon GDP to grow by 3.7% this year compared to a contraction of 3.2% in 2020. Further, it noted that the inflation rate averaged 3.5% last year, its highest level since 2013, mainly due to the tripling of the VAT in July 2019, but it expected inflationary pressures to start fading gradually.

In parallel, Samba indicated that the Kingdom's 2021 budget projects an annual decline in public expenditures and a rise in public revenues, mainly driven by higher non-oil receipts. However, it expected government spending to increase in order to sustain the economic recovery, while it anticipated outlays on infrastructure to start rising as the impact of the coronavirus fades. It considered that the government has enough fiscal space to increase expenditures, due to the expected rise in non-hydrocarbon receipts and the government's very low financing costs. As such, it projected the fiscal deficit to narrow from 12% of GDP in 2020 to 8.7% of GDP in 2021, but to be wider than the authorities' projected deficit of 4.9% of GDP for the year. Also, it pointed out that the government forecast the public debt level at 33% of GDP at the end of this year, and said that authorities are expecting to draw down the country's net foreign assets to finance the fiscal deficit. Further, it forecast the current account deficit to narrow from 3.1% of GDP in 2020 to 1.6% of GDP in 2021, as oil prices and production recover this year.

Source: Samba Investment Group

EGYPT

IMF stresses need to advance on fiscal and structural reforms

The International Monetary Fund indicated that the Egyptian authorities have managed well the COVID-19 pandemic and its disruption to economic activity through proactive measures to address health and social needs and to support the directly affected sectors. It noted that the slowdown in economic activity has been less severe than expected, and that Egypt is one of the few countries around the world with a positive growth rate in 2020. However, it pointed out that risks to the outlook persist, particularly from a second wave of the pandemic. It added that the country's high public debt level and gross financing needs expose Egypt to global financial conditions. The IMF indicated that Egypt's budget execution is on track to achieve the Fund's program target for the fiscal year that ends in June 2021. It noted that the expected economic recovery should allow the public debt level to resume its downward trajectory in FY2021/22, while the shift to longer-term debt issuance could mitigate rollover risks. The Fund stressed that progress on fiscal and structural reforms is critical to ensure additional space for high priority spending on healthcare, education, and social protection. Further, it considered that the Central Bank of Egypt's monetary policy has succeeded in reaching a low and stable inflation rate and in anchoring inflation expectations. It said that the easing of monetary policy in recent months should further support economic activity and limit the currency's appreciation from large capital inflows. In parallel, the IMF completed the first review of Egypt's economic reform program that is supported by a 12-month Stand-By Arrangement, which allows the authorities to access $1.67bn in funding and brought total disbursements to $3.6bn.

Source: International Monetary Fund

QATAR

Economic growth projected at 2.7% in 2021

The International Monetary Fund Indicated that the Qatari authorities' effective policy response helped mitigate the fallout from the COVID-19 outbreak and the sharp drop of global oil prices on the economy. It projected real GDP growth at 2.7% in 2021, supported by higher gas production and the rebound in domestic demand. It considered that risks to the outlook include uncertainties about the evolution of the pandemic and the successful distribution of an effective vaccine, as well as volatility in oil prices. In parallel, it noted that the government's budget for 2021 projects a deficit of about 6% of GDP, as authorities are anticipating an annual decline of 24% in public revenues due in part to lower corporate tax receipts and a prudent oil price assumption. It added that authorities are planning to cut public expenditures by 8%, mainly due to lower capital spending as World Cup-related projects are near completion. It estimated the fiscal deficit at 2.5% of GDP in 2020 due to the reprioritization of spending. It said that the sovereign's issuance of a $10bn Eurobond in April allowed the government to cover its financing needs, but it called on authorities to step up efforts to mobilize non-oil revenues and optimize expenditures. Further, it estimated that the current account balance turned into a deficit of 1.5% of GDP in 2020 amid lower hydrocarbon receipts, but it noted that substantial financial inflows have led to a buildup of international reserves.

Source: International Monetary Fund

ANGOLA

High borrowing requirements raise exposure to event risk

Moody's Investors Service indicated that Angola's 'Caa1' issuer rating reflects a score of 'b2' on the country's economic strength, of 'caa1' on the institutional framework, of 'ca' in terms of fiscal strength, and of 'ba' on the susceptibility to event risk. It noted that the 'b2' score on economic strength is driven by the country's modest medium-term economic prospects and its relatively low wealth level. It added that the country is highly reliant on the hydrocarbon sector, with low levels of economic diversification and competitiveness. In parallel, it indicated that the score of 'caa1' on the strength of institutions and governance reflects the weakness of the institutional framework in the country. It added that Angola's creditworthiness is constrained by the sharp increase of the public debt level and the deterioration of the debt affordability metrics due to the drop in oil prices and the resulting decline in government revenues. Further, it pointed out that the 'ba' score on the susceptibility to event risk is due to the government's heightened liquidity risks given the country's elevated gross borrowing requirements, as well as to external vulnerability risks given Angola's weak external position that is highly vulnerable to oil prices. Angola's 'Caa1' rating is seven notches below investment grade.

Source: Moody's Investors Service

CÔTE d'IVOIRE

Sovereign ratings affirmed, 'positive' outlook maintained

Fitch Ratings affirmed Côte d'Ivoire's long-term foreign and local currency Issuer Default Ratings at 'B+', with a 'positive' outlook. It attributed the 'positive' outlook to its expectations that authorities will maintain fiscal prudence and the reform momentum, which will gradually reverse the temporary deterioration in public finances from the coronavirus pandemic shock and will help stabilize the government's debt level. It also anticipated domestic political tensions to gradually ease and for strong economic growth to resume. It projected the fiscal deficit to widen from 2.3% of GDP in 2019 to 5.9% of GDP in 2020, and to narrow to 3.9% of GDP by 2022, as authorities gradually phase out the pandemic-related spending. It also forecast the government's debt level to reach 43.2% of GDP at the end of 2020 and to stabilize at about 46% of GDP in the medium term, well below the median ratios of 'B' and 'BB'-rated sovereigns. Further, it expected real GDP growth to average 6.3% annually during the 2021-22 period, supported by the resumption of infrastructure projects, an expansion of activity in light manufacturing and services, and strong crop production. In parallel, the agency forecast the current account deficit to widen to 3% of GDP in 2020 due to the contraction in exports, and projected the deficit to stabilize during the 2021-22 period as imports and exports recover. It considered that Côte d'Ivoire faces moderate refinancing risks, and anticipated foreign direct investment inflows and government borrowing from official creditors to cover most of the country's gross external funding needs, which it projected at about 5% of GDP annually in the 2020-21 period.

Source: Fitch Ratings

BANKING

SAUDI ARABIA

Banks' asset quality to deteriorate in 2021

Fitch Ratings indicated that Saudi banks have been facing an increasingly challenging operating environment since the first quarter of 2020, due to the coronavirus pandemic and the decrease in global oil prices. However, it noted that the 12.7% growth in loans in the first 10 months of 2020, which was driven by retail mortgages, has mitigated the adverse impact of the two shocks on banks. It pointed out that the banks' asset-quality metrics were stable in the first nine months of 2020, as they benefited from the authorities' forbearance measures and strong lending growth. But it anticipated the banks' asset quality to deteriorate in 2021 due to the delayed recognition of impaired loans when forbearance measures expire, as well as to the expected increase in corporate defaults. It noted that Saudi banks have been building provisions since the first quarter of 2020 in anticipation of weaker asset quality. It added that a slowdown in lending growth and additional fiscal consolidation measures constitute key downside risks to the banks' credit profiles. Further, the agency said that the measures that the authorities took helped banks contain the impact of the crisis on their profitability. It pointed out that the authorities' injection of interest-free deposits lowered funding costs, which, along with the strong growth in retail mortgages, have offset in part the pressure on earnings from the steep reduction in interest rates and from the increase in loan impairments. Also, it indicated that the banks' common equity Tier One ratio was 17.8% at the end of September 2020, while their liquidity has been supported by large government deposits in 2020.

Source: Fitch Ratings

QATAR

Banking sector assessment maintained

S&P Global Ratings maintained Qatar's banking sector in 'Group 5' under its Banking Industry Country Risk Assessment (BICRA), with the economic risk score at '5' and the industry risk score at '6'. The BICRA framework evaluates banking systems based on economic and industry risks facing a banking sector, with 'Group 10' including the riskiest sectors. Other countries in the BICRA 'Group 5' are Italy, Panama, Peru, and the United Arab Emirates. The agency said that Qatar's economic risk score reflects "low risks" in its economic resilience, as well as "high risks" in its economic imbalances and in credit risk in the economy. It noted that economic imbalances originate from the rapid lending growth that reached 11% in the first nine months of 2020, as well as from the banks' exposure to the real estate, hotels and contracting sectors. It estimated lending to the private sector to have exceeded 160% of GDP in 2020 and cautioned that the fast increase in leverage could signal rising economic imbalances that pose potential risks to banks. It expected the bank's non-performing loans ratio to reach 3% in 2020 and 3.6% in 2021, while it anticipated credit losses to double, as authorities plan to gradually lift forbearance measures in 2021. In parallel, S&P said that the industry risk score highlights the sector's "intermediate risks" in its institutional framework and competitive dynamics, as well as "very high risks" in system-wide funding. It indicated that the banks' heavy reliance on external funding is a major risk, due to the volatility of such funding. It added that the trend for industry and economic risks is 'stable'.

Source: S&P Global Ratings

UAE

Monetary policy effectiveness to remain limited in near term

S&P Global Ratings indicated that the decision of the Central Bank of the United Arab Emirates to start issuing securities denominated in dirham will not improve the UAE's relatively limited monetary policy effectiveness in the near term. It said that the effectiveness of the monetary policy transmission mechanism in the UAE could gradually improve, with the deepening of the local-currency debt market. It considered that the UAE Central Bank's introduction of the Monetary Bills, which replace the existing Certificates of Deposits program, should help manage liquidity in the UAE's banking sector by providing a stable collateralized source of funds. It added that banks in the UAE are the key provider of funds to the domestic economy. It also noted that the issuance of such bills would help develop a secondary market for local currency debt, which could result in the creation of a yield curve for dirham-denominated debt in the longer term. Further, the agency pointed out that the fixed exchange rate constrains the flexibility of monetary policy in the UAE, as authorities need to track the fluctuations of the U.S. federal funds rate, even when such movements may not be appropriate for domestic economic conditions. It expected the UAE's authorities to maintain the dirham's peg to the US dollar in the next several years. It considered that the UAE has more than sufficient foreign currency reserves to defend the peg, and that considerations of macroeconomic and social stability outweigh the potential benefits of amending the exchange rate regime.

Source: S&P Global Ratings

JORDAN

Agency affirms ratings on five banks

Capital Intelligence Ratings affirmed at 'B+' the long-term foreign currency ratings (FCRs) of Arab Bank (AB), the Housing Bank of Trade and Finance (HBTF), Cairo Amman Bank (CAB), Jordan Ahli Bank (JAB), and the Arab Banking Corporation (Bank ABC Jordan). It also affirmed the Bank Standalone Ratings (BSRs) of the five banks at 'b+' and maintained the 'stable' outlook on all the banks' FCRs and BSRs. It noted that the banks' FCRs are mainly constrained by Jordan's sovereign ratings, given their elevated holdings of sovereign debt and their high exposure to the domestic market. It added that the government's financial capacity to support banks in case of needs is uncertain. In addition, it said that the banks' ratings are constrained by the difficult operating environment in Jordan and in other markets where the banks operate, as a result of the coronavirus pandemic and elevated geopolitical risks in the region. Further, CI expected the banks' asset quality to deteriorate due to the negative impact of the pandemic on the economy, which, in turn, will weigh on incomes and business turnover in the country. It anticipated that the Central Bank of Jordan's measures, such as lowering the benchmark interest rate and relaxing lending conditions, will moderate the erosion of asset quality in the banking sector. In parallel, the agency considered that AB, HBTF, and Bank ABC Jordan have high levels of loan-loss reserve (LLR) coverage for non-performing loans, while CAB and JAB hold adequate levels of LLR coverage. The agency also indicated that the five banks benefit from ample levels of liquidity and sound capital position.

Source: Capital Intelligence Ratings

ENERGY / COMMODITIES

Oil prices to average $53 p/b in 2021

ICE Brent crude oil front-month prices averaged $43.3 per barrel (p/b) in 2020, constituting a drop of 32.5% from $64.2 p/b in 2019. The significant decline in prices was mainly due to the coronavirus pandemic, which weighed on global economic activity and on oil demand. Prices averaged $26.9 p/b in April, their lowest monthly level, as Brent closed at $19.3 p/b on April 21, its lowest level in 18 years. They increased gradually to an average of $40.8 p/b in June and continued to trade at between $40 p/b and $45 p/b until late November, supported by the OPEC and non-OPEC production cut agreements, lower oil output in the U.S., and expectations of a global economic recovery. Then, oil prices partially recovered to an average of $50.3 p/b in December, driven by positive sentiment about the prospects for coronavirus vaccines. However, the surge in the number of coronavirus cases worldwide continues to weigh on oil prices, especially as several countries are reinstating lockdown measures. Still, the agreement between OPEC and non-OPEC producers on January 5, 2021 to hold output nearly unchanged in February boosted prices to $54.3 p/b on January 6, their highest level since last February. In addition, tensions in the Middle East have continued to support oil prices, as Iran seized a South Korean chemical tanker in the strategic Strait of Hormuz. In parallel, Fitch Solutions forecast Brent oil prices to average $53 p/b in 2021, as it anticipated OPEC to balance the oil market on a monthly basis, and for the global distribution of COVID-19 vaccines to drive oil prices upwards.
Source: Fitch Solutions, CNBC, Refinitiv, Byblos Research

Steel output down 1% in first 11 months of 2020

Global steel production reached 1.67 billion tons in the first 11 months of 2020, constituting a decrease of 1.3% from 1.7 billion tons in the same period of 2019. Production in China totaled 961.2 million tons and accounted for 57.5% of global output in the covered period. India followed with 89.4 million tons (5.4%), then Japan with 75.7 million tons (4.5%), the U.S. with 66.1 million tons and Russia with 65.2 million tons (4% each), and South Korea with 60.8 million tons (3.6%).
Source: World Steel Association, Byblos Research

Iraq's oil exports receipts up 24% in December

Preliminary figures show that Iraq's crude oil exports totaled 88.2 million barrels in December 2020, up by 8.6% from 81.3 million barrels in November 2020. They averaged 2.8 million barrels per day (b/d) in December compared to 2.7 million b/d in November. Oil exports from the central and southern fields reached 85.2 million barrels in December, while shipments from the Kirkuk fields totaled 3 million barrels. Oil receipts stood at $4.2bn in December, up by 23.8% from $3.4bn in November 2020.
Source: Iraq Ministry of Oil, Byblos Research

Saudi Arabia's oil exports up 1.5% in October

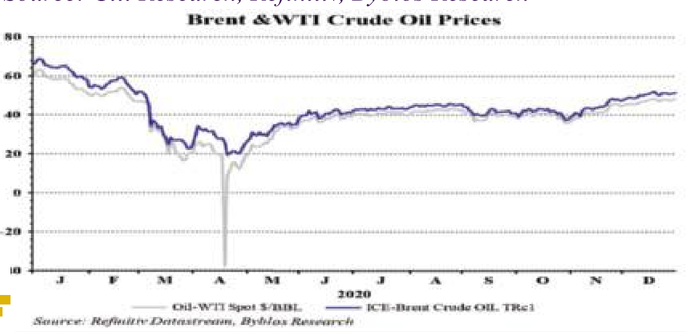
Oil exports from Saudi Arabia amounted to 6.2 million barrels per day (b/d) in October 2020, up by 1.5% from 6.1 million b/d in September and compared to 7.1 million b/d in October 2019. In parallel, crude oil output averaged 9 million b/d in October 2020, nearly unchanged from the preceding month and relative to 10.3 million b/d in October 2019. Further, Saudi Arabia's crude oil export receipts reached $10.4bn in October 2020 and dropped by $5bn, or by 32.7%, from $15.4bn in October 2019.
Source: JODI, General Authority for Statistics

Base Metals: Copper prices average $6,184 per ton in 2020

LME copper cash prices averaged $6,184 per ton in 2020, and increased by 3% from an average of $6,008 a ton in 2019. Prices averaged $5,640 per ton in the first quarter of 2020, then declined to $5,351 a ton in the second quarter due to the spread of the coronavirus. They then increased to an average of $6,530 per ton in the third quarter, and to an average of $7,196 a ton in the fourth quarter, mainly as a result of the rebound in demand for metals, notably in China, as well as the recovery in manufacturing activity globally. Prices dropped to a three-and-a-half year of $4,625 per ton on March 23, and reached $7,969 a ton on December 18, their highest level since February 2013. Increased optimism about an imminent economic stimulus in the U.S., concerns about supply disruptions in Peru drove copper prices to a new eight-year high of $8,031 per ton on January 6, 2021. In parallel, the latest figures show that global demand for refined copper was 18.5 million tons in the first nine months of 2020, up by 1.5% from the same period of 2019, as the 13% 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 18.1 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: Gold prices up 27% to $1,772 an ounce in 2020

Gold prices averaged $1,771.5 per troy ounce in 2020, constituting an increase of 27.1% from $1,393.2 an ounce in 2019. Prices averaged $1,582.2 per ounce in the first quarter, $1,712.8 an ounce in the second quarter, $1,911 per ounce in the third quarter and $1,876.2 an ounce in the fourth quarter of 2020. The rise in prices in the first nine months of 2020 was mainly due to elevated uncertainties about the evolution of the COVID-19 pandemic, lower gold supply, a weaker US dollar, as well as to record-high global net inflows to gold exchange-traded funds. However, the decline in gold prices in the fourth quarter of the year was driven by positive developments from U.S. pharmaceutical company Pfizer about the production of a vaccine against COVID-19, which raised hopes of a more rapid global economic recovery and reduced the appeal of the metal as a safe haven for investors. In parallel, under its baseline scenario, Citi Research forecast gold prices to average $1,875 per ounce in the first quarter, $1,975 an ounce in the second quarter, $1,900 per ounce in the third quarter and $1,850 an ounce in the fourth quarter of 2021. It considered that the price outlook is supported by expectations of a weaker dollar, higher global demand for jewelry, as well as a resumption of gold purchases by central banks worldwide.
Source: Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	IHS								
Africa													
Algeria	- -	- -	- -	- -	B+ Negative	-4.8	-	-	-	-	-	-21.4	-
Angola	CCC+ Stable	Caa1 Stable	CCC -	- -	CCC Negative	-4.0	127.1	7.7	91.1	45.4	122.9	-14.4	9.5
Egypt	B Stable	B2 Stable	B+ Stable	B+ Stable	B+ Stable	-8.3	86.5	6.0	71.4	44.8	120.1	-4.6	1.8
Ethiopia	B Negative	B2 Negative	B Negative	- -	B+ Negative	-3.2	31.3	2.3	64.8	4.5	175.3	-7.3	2.0
Ghana	B- Stable	B3 Negative	B Stable	- -	BB- Negative	-9.0	66.7	2.7	49.6	52.1	128.0	-4.3	3.8
Côte d'Ivoire	- -	Ba3 Stable	B+ Positive	- -	B+ Stable	--5.5	43.2	4.8	-	14.4	-	-4.0	0.2
Libya	- -	- -	- -	- -	CCC Negative	-	-	-	-	-	-	-	-
Dem Rep Congo	CCC+ Stable	Caa1 Stable	- -	- -	CCC Stable	-1.5	12.6	0.3	6.4	1.9	120.7	-5.3	2.5
Morocco	BBB- Negative	Ba1 Stable	BBB- Negative	- -	BBB Stable	-7.4	61.6	6.0	40.4	9.2	101.3	-8.9	1.0s
Nigeria	B- Stable	B2 Negative	B Stable	- -	B- Negative	-5.0	47.6	4.5	62.1	56.7	130.1	-6.6	0.2
Sudan	- -	- -	- -	- -	CC Negative	-	-	-	-	-	-	-	-
Tunisia	- -	B2 Negative	B Negative	- -	B+ Negative	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	B+ Stable	-5.0	46.7	0.5	28.51	5.18	140.33	-5.52	0.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	B+ Stable	-12.46	67.5	4.76	30.01	7.51	124.17	-16.44	1.0
Middle East													
Bahrain	B+ Stable	B2 Stable	B+ Stable	BB- Negative	BB- Negative	-12.1	114.4	-0.9	207.3	33.9	349.5	-10.1	2.2
Iran	- -	- -	- -	B Negative	BB- Negative	-9.3	-	-	-	-	-	-5.0	-
Iraq	B- Stable	Caa1 Stable	B- Negative	- -	CC+ Stable	-17.5	84.4	-0.1	6.9	8.3	140.9	-11.0	-1.0
Jordan	B+ Stable	B1 Stable	BB- Negative	B+ Stable	BB+ Stable	-5.0	85.6	1.7	82.9	11.6	170.0	-6.8	1.5
Kuwait	AA- Negative	A1 Stable	AA Stable	AA- Stable	AA- 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+ Stable	Ba3 Negative	BB- Negative	BBB- Negative	BB- Negative	-16.5	83.8	1.7	43.5	11.4	144.6	-15.6	3.8
Qatar	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	A+ Negative	-0.6	84.6	3.1	201.8	8.5	242.2	-4.9	-1.5
Saudi Arabia	A- Stable	A1 Negative	A Negative	A+ Stable	A+ Stable	-12.6	35.6	19.7	21.9	3.3	48.5	-9.8	-1.1
Syria	- -	- -	- -	- -	C Stable	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	AA- 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	16-Dec-20	No change	27-Jan-21
Eurozone	Refi Rate	0.00	10-Dec-20	No change	21-Jan-21
UK	Bank Rate	0.10	17-Dec-20	No change	04-Feb-21
Japan	O/N Call Rate	-0.10	18-Dec-20	No change	21-Jan-21
Australia	Cash Rate	0.10	01-Dec-20	No change	02-Feb-21
New Zealand	Cash Rate	0.25	11-Nov-20	No change	24-Feb-21
Switzerland	SNB Policy Rate	-0.75	17-Dec-20	No change	25-Mar-21
Canada	Overnight rate	0.25	09-Dec-20	No change	20-Jan-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	21-Dec-20	No change	20-Jan-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	17-Dec-20	No change	N/A
South Korea	Base Rate	0.50	26-Nov-20	No change	15-Jan-21
Malaysia	O/N Policy Rate	1.75	03-Nov-20	No change	20-Jan-21
Thailand	1D Repo	0.50	23-Dec-20	No change	N/A
India	Reverse repo Rate	4.00	04-Dec-20	No change	05-Feb-21
UAE	Repo Rate	1.50	16-Mar-20	No change	N/A
Saudi Arabia	Repo Rate	1.00	16-Mar-20	Cut 75bps	N/A
Egypt	Overnight Deposit	8.25	24-Dec-20	No change	04-Feb-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	17.00	24-Dec-20	Raised 200bps	21-Jan-21
South Africa	Repo Rate	3.50	19-Nov-20	No change	21-Jan-21
Kenya	Central Bank Rate	7.00	26-Nov-20	No change	27-Jan-21
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	27-Nov-20	No change	28-Jan-21
Mexico	Target Rate	4.25	17-Dec-20	No change	11-Feb-21
Brazil	Selic Rate	2.00	09-Dec-20	No change	20-Jan-21
Armenia	Refi Rate	5.25	15-Dec-20	Raised 100bps	02-Feb-21
Romania	Policy Rate	1.50	12-Nov-20	No change	N/A
Bulgaria	Base Interest	0.00	04-Jan-21	No change	01-Feb-21
Kazakhstan	Repo Rate	9.00	14-Dec-20	No change	25-Jan-21
Ukraine	Discount Rate	6.00	10-Dec-20	No change	21-Jan-21
Russia	Refi Rate	4.25	18-Dec-20	No change	12-Feb-21

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