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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate debt of $11.3 trillion maturing between 2021 and 2025

S&P Global Ratings indicated that $11,321bn in rated corporate debt will mature between January 2021 and the end of 2025, constituting an increase of 6.6% from a previous forecast of $10,617bn for the same period. It noted that $1,919bn in corporate debt is due in 2021, $2,307bn mature in 2022, $2,395bn are payable in 2023, $2,277bn come due in 2024, and $2,424bn mature in 2025. The U.S. has $5,011bn in corporate debt that is owed between January 2021 and end-2025 or 44.3% of the total, followed by Europe with $4,438bn (39.2%), other developed countries with $1,108bn (9.8%), and emerging markets (EMs) with $764.3bn (6.8%). Also, investment-grade corporate debt that is due during the covered period totals $8,346bn, or 73.7% of maturing debt. In addition, non-financial corporate debt that is payable during the same period amounts to $7,035bn and accounts for 62% of the due debt between January 2021 and end-2025. Further, the debt of consumer product firms that is payable in the covered period totals $722.2bn and accounts for 10.3% of maturing non-financial corporate debt, followed by the debt of utilities companies $700.4bn (10%), the healthcare sector's debt with $644.6bn (9.2%), media and entertainment firms with $614bn (8.7%), the high technology sector with $600.3bn (8.5%), as well as the automotive industry with $571.3bn and the telecommunications sector with $553.6bn (8% each). In parallel, S&P said that a total of $540bn in EMs' investment-grade corporate debt is due between January 2021 and end-2025, which is equivalent to 70.7% of EMs' maturing corporate debt. It added that $515.2bn in EMs' non-financial corporate debt is due in the same period, accounting for 67.4% of the total.

Source: S&P Global Ratings

EMERGING MARKETS

Trading in Credit Default Swaps down 16% to $1.5 trillion in 2020

Trading in emerging markets Credit Default Swaps (CDS) reached $1.5 trillion (tn) in 2020, constituting a decrease of 16% from $1.8tn in 2019. CDS trading reached $521bn in the first quarter, $289bn in the second quarter, $392bn in the third quarter, and $298bn in the fourth quarter of 2020. Further, CDS trading levels in the fourth quarter of 2020 dropped by 24% from the preceding quarter and by 32% from $435bn in the fourth quarter of 2019. The most frequently traded sovereign CDS contracts in the fourth quarter of 2020 were those of China at $31bn, followed by Brazil at $26bn, and Indonesia at $22bn. As such, traded sovereign CDS contracts on China accounted for 10.4% of total trading in emerging markets CDS in the covered quarter, followed by CDS contracts on Brazil (8.7%), and Indonesia (7.4%). Further, the most frequently traded corporate CDS contracts in the fourth quarter of 2020 were those of Mexico's state-oil company Pemex at $1.8bn, which accounted for 0.6% of total trading in emerging markets CDS. The survey covered data from 12 major international banks and broker-dealers on CDS contracts for 21 emerging economies and nine emerging market corporate issuers.

Source: EMTA

MENA

Country risk level increases in fourth quarter of 2020

The Euromoney Group's quarterly survey on global country risk shows that the risk level in the Arab world slightly increased in the fourth quarter of 2020, as the average country risk score of 18 Arab economies was 41.47 points relative to 42.13 points in the fourth quarter of 2019. A higher score represents a lower country risk level. Qatar had the lowest country risk level in the region and the 30th lowest globally, followed by the UAE (37th), Kuwait (38th), Saudi Arabia (42nd), and Morocco (51st) as the five Arab countries with the lowest risk levels in the region. In contrast, Libya (157th), Sudan (159th), Lebanon (167th), Yemen (171st), and Syria (174th) posted the highest risk levels in the Arab world. In parallel, the Arab region's risk level was higher than the global risk level (48.25 points), as well as higher than the risk levels of North America (66.08 points), Europe & Central Asia (58.63 points), East Asia & Pacific (53.33 points), Latin America & the Caribbean (47.27 points), and South Asia (42.68 points); while it was lower than the risk level of Sub-Saharan Africa (36.29 points). Also, the average country risk score of Gulf Cooperation Council (GCC) states stood at 60.17 points, while the average score for non-GCC countries was 32.12 points. Further, Qatar ranked in first place regionally on the Economic Assessment, Political Assessment and Access to International Capital Markets categories; while Morocco came first on the Structural Assessment indicator and the UAE ranked in first place among Arab countries on the Debt Indicators category.

Source: Euromoney Group, Byblos Research

Vast disparities in region's productive capacity levels

The United Nations Conference on Trade and Development (UNCTAD) ranked the United Arab Emirates in 21st place among 193 countries around the world and in first place among 20 Arab economies on its Productive Capacities Index for 2021. Qatar followed in 29th place, then Bahrain (39th), Saudi Arabia (63rd), and Oman (64th) as the Arab countries with the highest productive capacity; while Libya (162nd), Yemen (173rd), Mauritania (174th), Iraq (175th) and Sudan (181st) were the lowest-ranked Arab economies. UNCTAD defines an economy's productive capacities as "the productive resources, entrepreneurial capabilities and production linkages that determine the capacity of a country to produce goods and services, and enable it to grow and develop". The index is based on 46 variables that are grouped in eight categories, which are Energy, Human Capital, Information & Communication Technology (ICT), Institutions, Natural Capital, the Private Sector, Structural Change and Transport. The UAE came in first place regionally on the Institutions, Private Sector, and Transport categories, while Qatar ranked first on the Energy indicator. Also, Tunisia came in first place among Arab countries on the Human Capital category, Mauritania ranked first on the Natural Capital indicator, and Bahrain led the region on the ICT category.

Source: UNCTAD, Byblos Research

OUTLOOK

GCC

Companies to continue to face challenges in 2021

S&P Global Ratings expected a modest economic recovery in the Gulf Cooperation Council (GCC) countries in 2021, as it expected their aggregate real GDP to grow by an average of 2% this year. It considered that the business cycle will need several quarters to fully recover from the coronavirus and oil prices shocks, as uncertainties about the evolution of the pandemic and its economic impact remain elevated. It deemed that pressures will persist on GCC companies, specifically on firms in the tourism, aviation, real estate, hospitality, non-food retail, oil & gas, and commodities sectors. It anticipated GCC corporates to face challenges in increasing their revenues in 2021, as the latter will remain below their 2019 level.

Further, it indicated that the aviation, tourism & hospitality, and the oil & gas sectors in the GCC will continue to have a "very high" level of vulnerabilities in 2021, as it expected a slow recovery in the global aviation and tourism sectors. It noted that the UAE currently has the highest vaccination rate in the region, which could help its tourism sector recover quicker than its GCC peers. It considered that the resolution of the conflict with Qatar and reforms in the UAE would support the recovery in the region, especially in the tourism and aviation sectors.

Moreover, S&P expected rated GCC corporates to maintain their conservative strategies in 2021 and to continue to focus on optimizing their costs, managing their liquidity, and preserving their cash flow. It added that new investments will not be a priority for GCC companies in most sectors in the next 12 months.

Source: S&P Global Ratings

AFRICA

COVID-19 outbreak to delay economic recovery

Goldman Sachs indicated that the coronavirus outbreak has significantly affected countries in Sub-Saharan Africa (SSA), leading to challenging fiscal conditions across the region, even though the pandemic's impact on public health has been lower than in other regions. However, it considered that the perception that SSA countries have largely avoided the most severe healthcare implications of the COVID-19 crisis could reduce the urgency to deliver the vaccine, which would slow down the economic recovery. It estimated that 20% of the SSA population will be vaccinated in 2021, which would be enough to protect the most-critically vulnerable persons, but it added that it would not stop the broader spread of the virus. It said that a second wave of coronavirus infections has hit the region, along with new strains of the virus.

It considered that the outlook for SSA economies is becoming negative, as it deemed that the spread of the coronavirus in the region is understated and will likely persist, while the tools available to fight the disease are limited, given the elevated cost of strict lockdowns and the slow pace of vaccination. It pointed out that the costs associated with lockdown measures are high in SSA countries due to large informal economies, low savings rates, fragile supply chains for essential goods, and narrow fiscal space to compensate for lost income. It added that these factors create an urgent need for widespread vaccination despite the low level of recorded COVID-19 cases. It indicated that lockdown measures will continue to restrict the services and tourism industries in SSA economies, and will delay the economic recovery. Also, it noted that weak local demand and the elevated cost of doing business might keep foreign direct investments at historically low levels, while governments struggle to raise spending and local banks tighten the supply of credit.

It considered that a lagged economic recovery will complicate the region's emerging fiscal crisis. It said that SSA governments are likely to tighten their fiscal policies in 2021, while risks are skewed to the need for higher spending. However, it expected fiscal consolidation in several SSA economies to be insufficient to limit the rise in their public debt level.

Source: Goldman Sachs

NIGERIA

Real GDP growth at 1.5% in 2021, risks tilted to the downside

The International Monetary Fund indicated that the Nigerian economy has been significantly hit by the COVID-19 outbreak, as well as by the sharp drop in global oil prices and by capital outflows. It projected real GDP growth at 1.5% in 2021, following a 3.2% contraction in 2020, as it expected real hydrocarbon GDP to expand by 3% in case of higher oil prices, and for activity in the non-oil sector to grow by 1.4% this year. It anticipated real non-hydrocarbon growth to remain sluggish in the medium term, and forecast real GDP to recover to its pre-pandemic level in 2022. It considered that risks to the growth outlook are tilted to the downside and include the resurgence of the pandemic, security conditions in the country, an unfavorable external environment, as well as record-low domestic interest rates and large foreign holdings of domestic securities that could result in further capital outflows.

In parallel, the IMF projected the fiscal deficit to narrow from 5.9% of GDP in 2020 to 4.7% of GDP in 2021 due to higher non-oil revenues from the hike in the value added tax, as well as to an improvement in tax administration and to cuts in public expenditures. It forecast the public debt level at 34.3% of GDP at the end of 2021, and expected the debt burden to rise moderately in the medium term, supported by a favorable interest rate environment. Also, it anticipated gross financing needs to remain elevated, with debt servicing absorbing a significant share of public revenues in the near to medium terms.

Further, the IMF forecast the current account deficit to narrow from 3.7% of GDP in 2020 to 2.2% of GDP this year, mostly due to higher oil export receipts. It forecast foreign currency reserves at the Central Bank of Nigeria (CBN) to decline from $29.5bn at the end of 2020 to $21.8bn at end-2021. It encouraged authorities to step up efforts to unify the multiple exchange rates in order to reduce the pressure on Nigeria's external balance, eliminate the parallel market premium, as well as to prevent a further increase in demand for foreign currency. Also, it called on authorities to maintain the accommodative monetary stance in the near term, and encouraged them to phase out the financing of the fiscal deficit by the CBN in the medium term in order to reduce inflationary pressure.

Source: International Monetary Fund

OMAN

Economic activity to expand by 2% in 2021

The International Monetary Fund indicated that Omani authorities managed to contain the spread of the COVID-19 outbreak, but noted that coronavirus-related restrictions significantly weighed on economic activity. It added that the sharp decline in global oil prices and the cuts to oil production under the OPEC+ agreement had a detrimental impact on the hydrocarbon sector. Still, it projected real GDP to expand by 1.8% in 2021 following a contraction of 6.4% in 2020, with real hydrocarbon GDP growing by 2% and the non-oil sector expanding by 1.5% due to the rollout of the COVID vaccine and the easing of social distancing restrictions. It anticipated the volatility in oil prices and the prospects of a prolonged pandemic to further weigh on economic activity in the near term. However, it expected that the steady fiscal adjustment would substantially strengthen fiscal and external balances in the medium term. It projected the fiscal deficit to narrow from 13.4% of GDP in 2020 to 5.4% of GDP in 2021, in case authorities implement the value-added tax in April 2021, expand the tax base and improve the tax administration, as well as reform the civil service and cut public spending. It anticipated gross financing needs at 14.5% of GDP this year and forecast the public debt level at 72.7% at the end of 2021. Further, it projected the current account deficit to narrow from 10% of GDP in 2020 to 8.6% of GDP in 2021, in case of higher oil export receipts. It expected foreign currency reserves at the Central bank of Oman to remain stable at about $15.1bn in the medium term.

Source: International Monetary Fund

BAHRAIN

Outlook contingent on coronavirus-related developments

The International Monetary Fund indicated that the prolonged COVID-19 pandemic and the necessary containment measures have affected Bahrain's economy, as it estimated that economic activity regressed by 5.4% in 2020. It attributed the contraction to a sharp decline of 7% in non-hydrocarbon activity, while the oil sector's activity grew by 2% in 2020. It noted that the fiscal deficit widened from 9% of GDP in 2019 to 18.2% of GDP in 2020 amid the drop in oil prices and the decrease in nominal GDP, and that the public debt level rose from 102% of GDP at the end of 2019 to 133% of GDP at end-2020. Further, it indicated that the current account deficit widened from 2% of GDP in 2019 to 9.6% of GDP in 2020, while foreign currency reserves declined to 1.4 months of non-oil imports. The Fund pointed out that, despite significant challenges, the authorities remain committed to achieving the key objectives of the Fiscal Balance Program. It considered that the country needs an ambitious fiscal adjustment within a medium-term framework to address its large imbalances, put the government's debt on a firm downward path, and restore macroeconomic sustainability. It noted that the fiscal adjustment would also help rebuild external buffers, solidify the exchange rate peg, and support access to external financing. The IMF projected Bahrain's real GDP growth at 3.3% in 2021 and at 3% in the medium term, in case the widespread rollout of the vaccine supports non-hydrocarbon activity. It added that uncertainties about the outlook depend on COVID-19-related developments.

Source: International Monetary Fund

ETHIOPIA

Sovereign ratings downgraded on debt restructuring plan

S&P Global Ratings downgraded Ethiopia's long-term foreign and local currency sovereign credit ratings from 'B' to 'B-', and placed all ratings on CreditWatch with negative implications. It indicated that the country's external balance sheet has substantially weakened in recent years due to persistent current account deficits that averaged 9% of GDP annually in the 2015-20 period. It expected Ethiopia's external debt, net of liquid external assets, to exceed 275% of current account receipts by 2024 compared to 115% in 2014. It anticipated the country's gross external financing needs to average more than 170% of current account receipts and usable reserves in the 2021-24 period. It estimated Ethiopia's public debt repayment needs at about $5.5bn in the 2021-24 period, which exceeds the country's foreign currency reserves of $3bn. It also attributed its decision to Ethiopia's plan to restructure its bilateral sovereign debt under the G20's Common Framework for Debt Treatment beyond the Debt Service Suspension Initiative, and to the possibility that it could seek debt relief from commercial creditors as part of this process. It added that the public debt level reached 60% of GDP, despite a still-moderate general government debt of 30% of GDP, reflecting the high debt level of state-owned enterprises that poses contingent liability risks to the government. In parallel, S&P considered that wider ethnic tensions and political uncertainties ahead of the general election in June 2021 could weaken Ethiopia's political and institutional framework and threaten the reform agenda.

Source: S&P Global Ratings

PAKISTAN

Outlook subject to elevated uncertainties

The International Monetary Fund pointed out that the outbreak of the coronavirus has disrupted the efforts of Pakistani authorities'to reduce economic imbalances and, in turn, halted the progress under the IMF's Extended Fund Facility-supported program (EFF). It noted that authorities had to shift their priorities towards providing healthcare and supporting households and businesses through measures to contain the spread of the virus, a temporary fiscal stimulus, a large expansion of the social safety net, a supportive monetary policy, as well as targeted financial schemes. It pointed out that substantial emergency financing from the international community, including from the IMF's Rapid Financing Instrument, supported the authorities' policy response to contain the economic and healthcare impact of the virus. It anticipated the economy to expand by 1.5% in the fiscal year that ends in June 2021 following a contraction of 0.4% in FY2019/20. It noted that the outlook is subject to elevated uncertainties and downside risks related to the second wave of the pandemic that is still unfolding worldwide. In addition, it said that the State Bank of Pakistan's (SBP) gross reserves almost doubled since the start of the IMF program in July 2019 to $13bn at the end of January 2021, which, along with the market-based exchange rate, allowed the SBP to ease monetary policy and expand its refinancing facilities. In parallel, the Fund said that the COVID-19 shock has required "a careful calibration" of the macroeconomic policy mix to support the economy, ensure debt sustainability and advance structural reforms, as well as of the reforms calendar and the EFF review schedule.

Source: International Monetary Fund

BANKING

MENA

Asset quality of banks in Egypt, Morocco and Tunisia to deteriorate in 2021

S&P Global Ratings indicated that the gradual phasing-out of extraordinary fiscal and monetary measures in Egypt, Morocco and Tunisia will reveal the real impact of the COVID-19 outbreak on the asset quality of banks in these countries. It anticipated that the lifting of regulatory forbearance measures will result in the deterioration of the credit quality of banks in the covered economies in 2021, as borrowers face more pressure on their debt-servicing capacity. It projected a sharp increase in problematic loans and credit losses for most banking systems in these markets, but expected that most rated banks will be able to absorb the shock without jeopardizing their capital base. It anticipated that small and medium-sized enterprises, as well as firms operating in the hospitality, construction, real estate, and transportation sectors will fuel the increase in non-performing loans. In parallel, the agency projected the banks' profitability to be weak in 2021 due to subdued lending growth and the lower interest rate environment, and to start improving in 2022 for most banks. It also expected lending growth to remain slow this year due to the prevailing economic uncertainties, and noted that higher impairment charges will affect the banks' profitability. In addition, S&P indicated that customer deposits, which constitute the main source of funding for most of the region's banking sectors, have continued to increase amid reduced household and corporate spending. Further, it expected most banks in the covered economies to increase their holdings of sovereign debt, given the limited lending opportunities, but it said that this would raise their exposure to sovereign risks amid the high likelihood of delays in reforms.

Source: S&P Global Ratings

KUWAIT

Agency revises outlook on 11 banks to 'negative'

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of the National Bank of Kuwait (NBK) at 'AA-', and the IDRs of Kuwait Finance House (KFH), Burgan Bank, Gulf Bank, Boubyan Bank, Al Ahli Bank of Kuwait (ABK), Commercial Bank of Kuwait (CBK), Ahli United Bank Kuwait (AUBK), Warba Bank, Kuwait International Bank (KIB), and the Industrial Bank of Kuwait (IBK) at 'A+'. Also, it revised the outlook on the ratings of the 11 banks from 'stable' to 'negative'. It attributed the outlook revision to its similar action on the sovereign ratings following the depletion of liquid assets in the country's general reserve fund, which increased short-term liquidity risks. In addition, it indicated that the banks' IDRs are driven by the extremely high probability of support from the Kuwaiti authorities to all domestic banks in case of need. It considered that the government's high propensity to support the banks results mainly from the elevated contagion risk in the sector due to the small number of banks, as well as the high concentration and interconnection of banks in the system. In parallel, the agency noted that the Viability Ratings (VRs) of the 11 banks are not affected by the outlook revision on the sovereign ratings. As such, it maintained the VR of NBK at 'a-', the VRs of Boubyan Bank and AUBK at 'bbb-', the ratings of KFH, Gulf Bank, ABK and IBK at 'bb+', the VRs of Burgan Bank and CBK at 'bb', and the ratings of Warba Bank and KIB at 'bb-'.

Source: Fitch Ratings

IRAQ

IMF calls for restructuring of state-owned banks

The International Monetary Fund indicated that the Iraqi financial sector continues to be stable due to the Central Bank of Iraq's (CBI) swift measures at the beginning of the COVID-19 outbreak, but it noted that significant underlying vulnerabilities persist. It pointed out that the CBI lowered its reserve requirement ratios and extended repayments on its directed lending initiatives, which provided liquidity to banks and limited immediate financial stress. As such, it noted that the banks' lending to the private sector increased by about 15% in the first nine months of 2020, driven by retail lending. However, it said that the non-performing loans (NPLs) ratio of state-owned banks (SOBs) grew from 10% at end-2019 to 12% at the end of June 2020. It also noted that the reported NPLs ratios of SOBs are understated, given that they take into account loans to public-sector entities with "uncalled government guarantees". In addition, it indicated that several SOBs are undercapitalized, face legacy assets and political interference, and are not subject to supervisory inspection by the CBI. It added that the government uses SOBs for its off-budgetary expenditures and that the banks issue incomplete financial reports that are not properly audited. Consequently, the Fund called on the authorities to restructure the financial sector by recapitalizing the two largest state-owned banks and implement "core banking systems". It also encouraged banks to strengthen their due diligence process in order to improve anti-money laundering and combating the financing of terrorism controls. It noted that the CBI should impose financial sanctions on non-compliant individuals and entities to help maintain the relations of Iraqi banks with their foreign correspondent banks.

Source: International Monetary Fund

JORDAN

Construction and trade account for 41% of lending at end-2020

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks in Jordan totaled JD28.6bn, or $40.4bn, at the end of 2020, constituting an increase of 5.7% from JD27.1bn, or $38.2bn, at end-2019, and relative to an increase of 3.7% in 2019. Credit in foreign currency represented 12.2% of the total at the end of 2020 unchanged from a year earlier. The resident private sector accounted for 89.1% of total credit at end-2020 relative to 88.6% at the end of 2019, followed by the central government with 6.3%, down from 6.9% at end-2019, the non-resident private sector with 2.1%, public entities with 2%, and financial institutions with 0.5%. The distribution of credit shows that construction represented JD7.3bn or 25.4% of the total at the end of 2020, down from 25.8% a year earlier, while general trade accounted for JD4.5bn or 15.8% of the total relative to 15.6% at end-2019. Public services & utilities followed with JD4.4bn or 15.2% of the total; then industry with JD3.5bn (12.3%); tourism, hotels & restaurants with JD735.6m (2.6%), financial services with JD656m (2.3%); agriculture with JD416.8m (1.5%); transportation with JD385.6m (1.3%); and mining with JD236.6m (0.8%). In parallel, loans & advances reached JD18.5bn at the end of 2020, followed by receivables of Islamic banks with JD7.05bn, overdrafts with JD2.7bn, discounted bills with JD214.1m and credit cards with JD184.8m.

Source: Central Bank of Jordan

ENERGY / COMMODITIES

Oil prices to average $55 p/b in 2021

ICE Brent crude oil front-month prices reached $64.3 per barrel (p/b) on February 17, 2021, their highest level since January 2020, as prices continued to recover from their low levels in early 2020. The oil production cut of the OPEC and non-OPEC alliance, as well as the unilateral reduction in Saudi Arabia’s output in February and March, continued to support oil prices. In addition, oil prices have benefited from U.S. President Joe Biden's commitment to enact the $1.9 trillion coronavirus relief legislation in order to boost economic activity, which would raise oil demand. Also, U.S. oil production has currently declined by almost 30%, as the cold wave forced the shutdown of oil wells, which raised oil prices. In parallel, ABN AMRO expected some members of the OPEC and non-OPEC alliance to call for rapidly increasing production in the run-up to OPEC's meeting on March 4 in order to protect their market share, especially from U.S. oil producers, and to meet their own fiscal needs. It said that oil prices of between $40 p/b and $50 p/b would be sufficient for Russia to meet its fiscal needs, while Moscow considers that higher prices would only benefit U.S. shale oil producers. It also anticipated that Saudi Arabia would reverse its voluntary cut of one million barrels per day after March, as the Kingdom prefers oil prices to remain capped at about $60 p/b. As such, it forecast Brent oil prices to average $59 p/b in the first quarter of 2021, $57 p/b in the second quarter, $53 p/b in the third quarter and $52 p/b in the fourth quarter of 2021. It expected prices to average $55 p/b in 2021.
Source: ABN AMRO, Refinitiv, Byblos Research

ME&A's oil demand to expand by 4.5% in 2021

Consumption of crude oil in the Middle East & Africa is expected to average 12.19 million barrels per day (b/d) in 2021, which would constitute an increase of 4.5% from 11.66 million b/d in 2020. The region's demand for oil would represent 23.7% of demand in non-OECD countries and 12.7% of global consumption this year.
Source: OPEC

Gold demand in Middle East down 25% in 2020

Consumer demand for gold in the Middle East region, which includes demand for jewelry as well as bars and coins, totaled 173.1 tons in 2020, constituting a decline of 25% from 230.6 tons in 2019. It accounted for 7.5% of the global consumption of the precious metal in 2020. Consumer demand for gold in Iran reached 56.3 tons and represented 32.5% of the region's total demand, followed by Saudi Arabia with 33.7 tons (19.5%), the UAE with 26.7 tons (15.4%), Kuwait with 21.9 tons (12.7%), and Egypt with 13 tons (7.5%).
Source: World Gold Council, Byblos Research

Nigeria's oil receipts down 45% in first 11 months of 2020

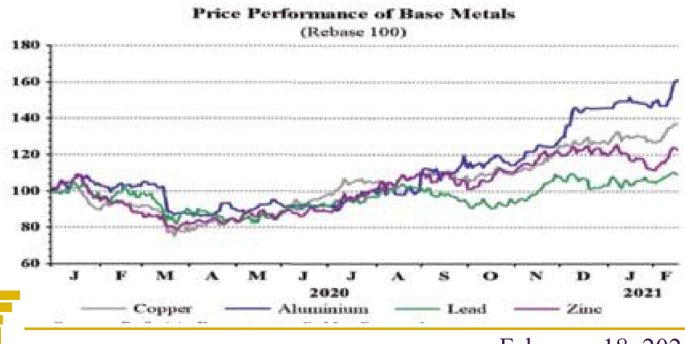
Nigeria's receipts from the export of crude oil and condensate totaled $2.5bn in the first 11 months of 2020, down by 45% from $4.5bn in the same period of 2019. Export revenues consisted of $1.6bn from crude oil exports (63%), $541m from gas exports (21.6%) and $386.1m in other receipts (15.4%). The authorities transferred $1.1bn in hydrocarbon revenues to the Federation Account in the covered period, and used $1.4bn to pay global oil companies to guarantee current and future oil production.
Source: Nigerian National Petroleum Corporation

Base Metals: Nickel prices to average $16,683 per ton in first quarter of 2021

The LME cash prices of nickel averaged $17,801 per ton in January 2021, constituting an increase of 5.8% from an average of $16,832 a ton in December 2020 and relative to an average of $13,526 per ton in January 2020. Prices closed at $18,772 per ton on February 16, 2021, up by 13.4% from the end of 2020 and representing their highest level since September 2014. The main driver behind the recent rise in nickel prices is the prospects of higher demand for the metal from the electric vehicles (EVs) sector as nickel is used for the production of EV batteries. Roskill, a provider of metal research, projected global demand for nickel from the EV sector to grow from 92,000 tons in 2020 to 2.6 million tons in 2040. In addition, the imminent economic stimulus in the U.S. triggered concerns of higher inflation in the country, which, in turn, increased demand for nickel, given that base metals are used as a hedge against inflation. Further, the rollout of the coronavirus vaccine and improving global macroeconomic conditions raised expectations of higher demand for metals and contributed to the price increase. Moreover, robust demand for nickel for the production of stainless steel has also been supporting nickel prices. A commodity poll conducted by Reuters in January 2021 showed that analysts forecast nickel prices to average $16,683 per ton in the first quarter of 2021.
Source: Roskill, Refinitiv

Precious Metals: Gold prices to average $1,771 per ounce in 2021

Gold prices averaged $1,850.6 per troy ounce in the year-to-February 17, 2021 period, constituting an increase of 18.4% from an average of $1,562.7 an ounce in the same period last year. The rise in the metal's price is mainly due to accelerating inflation rates and declining real interest rates globally, which has resulted in higher investment demand for gold and reinforced the appeal of the metal as a hedge against potential inflationary pressure. Also, the metal's price reached $1,770.2 per ounce on February 17, 2021, its lowest level since July 1, 2020 and down by 7% from a recent high of $1,946.7 on January 5, 2021, due to a stronger US dollar and high U.S. bond yields. In parallel, ABN AMRO revised downward its outlook for gold prices as it expects higher U.S. nominal and real bond yields, as well as a further strengthening of the dollar from a strong global economic recovery. It anticipated speculative investors to liquidate substantial positions in gold-backed exchange-traded funds, which would also weigh on the price of the metal. It projected gold prices to average $1,857 per ounce in the first quarter of 2021, $1,775 an ounce in the second quarter, $1,738 per ounce in the third quarter, and $1,713 an ounce in the fourth quarter of the year. As such, it forecast prices to average $1,771 per ounce in 2021.
Source: ABN AMRO, 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	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	Caa1	CCC	-	CCC								
	Stable	Stable	-	-	Negative	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+	B+								
	Stable	Stable	Stable	Stable	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	B-	B2	CCC		B+								
	CWN**	Negative	-	-	Negative	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B-	B3	B	-	BB-								
	Stable	Negative	Stable	-	Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	B+	-	B+								
	-	Stable	Positive	-	Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep	CCC+	Caa1	-	-	CCC								
Congo	Stable	Stable	-	-	Stable	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB-	Ba1	BB+	-	BBB								
	Negative	Negative	Stable	-	Negative	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	B2	B	-	B-								
	Stable	Negative	Stable	-	Negative	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Tunisia	-	B2	B	-	B+								
	-	Negative	Negative	-	Negative	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B	-	-	-	B+								
	Stable	-	-	-	Stable	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+	B2	B+	-	B+								
	Negative	Negative	Stable	-	Negative	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East													
Bahrain	B+	B2	B+	BB-	B+								
	Stable	Stable	Stable	Negative	Negative	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	-	-	-	B	B-								
	-	-	-	Negative	Negative	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B-	Caa1	B-	-	CC+								
	Stable	Stable	Negative	-	Stable	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+	B+								
	Stable	Stable	Negative	Stable	Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	AA-	A1	AA	AA-	AA-								
	Negative	Stable	Negative	Stable	Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD	C	C	SD	CCC								
	-	-	-	-	Negative	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	B+	Ba3	BB-	BBB-	BB-								
	Stable	Negative	Negative	Negative	Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA-	Aa3	AA-	AA-	A+								
	Stable	Stable	Stable	Stable	Negative	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A-	A1	A	A+	A+								
	Stable	Negative	Negative	Stable	Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-	C								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-	AA-								
	-	Stable	Stable	Stable	Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	-	-	-	-	CC								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	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								
Asia													
Armenia	-	Ba3	B+	-	B-								
	-	Stable	Stable	-	Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-	A								
	Stable	Stable	Stable	-	Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-	BBB								
	Stable	Negative	Negative	-	Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-	BBB-								
	Stable	Positive	Stable	-	Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B-	B3	B-	-	CCC								
	Stable	Stable	Stable	-	Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB	Baa1	BBB	-	BBB								
	Stable	Stable	Stable	-	Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-	BBB-								
	Negative	Negative	Negative	-	Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	BBB-	Baa3	BBB	-	BBB-								
	Stable	Stable	Stable	-	Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+	B2	BB-	B+	B-								
	Stable	Negative	Negative	Stable	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B	B3	B	-	B-								
	Stable	Stable	Stable	-	Stable	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*
*** CreditWatch with negative implications*
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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.00-0.25	27-Jan-21	No change	17-Mar-21
Eurozone	Refi Rate	0.00	21-Jan-21	No change	11-Mar-21
UK	Bank Rate	0.10	04-Feb-21	No change	18-Mar-21
Japan	O/N Call Rate	-0.10	21-Jan-21	No change	19-Mar-21
Australia	Cash Rate	0.10	02-Feb-21	No change	02-Mar-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	20-Jan-21	No change	10-Mar-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-Jan-21	No change	22-Feb-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	15-Jan-21	No change	25-Feb-21
Malaysia	O/N Policy Rate	1.75	20-Jan-21	No change	04-Mar-21
Thailand	1D Repo	0.50	03-Feb-21	No change	24-Mar-21
India	Reverse repo Rate	4.00	05-Feb-21	No change	N/A
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	04-Feb-21	No change	18-Mar-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	17.00	18-Feb-21	No change	18-Mar-21
South Africa	Repo Rate	3.50	21-Jan-21	No change	25-Mar-21
Kenya	Central Bank Rate	7.00	27-Jan-21	No change	29-Mar-21
Nigeria	Monetary Policy Rate	11.50	26-Jan-21	No change	23-Mar-21
Ghana	Prime Rate	14.50	01-Feb-21	No change	22-Mar-21
Angola	Base Rate	15.50	29-Jan-21	No change	29-Mar-21
Mexico	Target Rate	4.00	11-Feb-21	Cut 25bps	25-Mar-21
Brazil	Selic Rate	2.00	20-Jan-21	No change	N/A
Armenia	Refi Rate	5.50	02-Feb-21	Raised 25bps	16-Mar-21
Romania	Policy Rate	1.25	15-Jan-21	Cut 25bps	N/A
Bulgaria	Base Interest	0.00	01-Feb-21	No change	01-Mar-21
Kazakhstan	Repo Rate	9.00	25-Jan-21	No change	09-Mar-21
Ukraine	Discount Rate	6.00	21-Jan-21	No change	04-Mar-21
Russia	Refi Rate	4.25	12-Feb-21	No change	19-Mar-21

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