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# COUNTRY RISK WEEKLY BULLETIN

# NEWS HEADLINES

## WORLD

### Fifty-six percent of executives expect global economy to improve in next six months

Consulting firm McKinsey & Company's January 2021 Global Survey of 1,025 executives about economic sentiment showed that 56% of participants expect the global economy to improve in the next six months compared to 62% of polled executives who shared similar views in December 2020. Also, 21% of participants consider that global economic conditions will be unchanged in the coming six months relative to 19% in the preceding survey, while 23% anticipate the global economy to deteriorate in the covered period compared to 20% in December. In parallel, 56% of executives forecast the economy in their home countries to improve relative to 63% in the December 2020 poll. Moreover, 20% of participants expect economic conditions in their country to be unchanged in the covered six months compared to 15% in the preceding survey, while 24% anticipate the economy in their countries to worsen relative to 21% in December. Specifically, 85% of respondents who live in India anticipate economic conditions to improve in their country, followed by 83% of executives in Greater China who shared similar views about the economy, North America (60%), other emerging markets, including the Middle East, North Africa, South Asia & Sub-Saharan Africa (53%), Europe (44%), Asia-Pacific (41%), and Latin America (30%). Further, executives in Europe and Latin America expressed more concerns about the impact of employment on the economy than their peers in other regions.

*Source: McKinsey & Company*

### Private investment funds raise $1 trillion in 2020

Figures released by research provider Preqin indicate that global private investment funds raised $1 trillion (tn) in capital in 2020, constituting a drop of $162bn or 14% from $1.17tn in 2019. Private equity funds raised $645bn in 2020 and accounted for 64.3% of total capital, followed by real estate investment funds with $133.6bn (13.3%), private debt funds with $121.7bn (12.1%), infrastructure funds with $94.2bn (9.4%), and natural resources funds with $8.9bn (1%). Also, the funds' investments in natural resources dropped by 36% from 2019, followed by investments in real estate (-26%), in infrastructure (-15.6%), in private equity (-11.4%), and in private debt (-7.5%). In parallel, 2,289 funds raised capital in 2020, down by 20.6% from 2,883 active funds in 2019. Specifically, 1,604 private equity funds raised capital in 2020 and accounted for 70% of the total number of funds, followed by 344 real estate funds (15%), 215 private debt funds (9.4%), 104 infrastructure funds (4.5%), and 22 natural resources funds (1%). Similarly, the number of natural resources funds that raised capital decreased by 50% from 2019, followed by the number of real estate funds (-33%), infrastructure funds (-21.2%), private equity funds (-18.5%), and private debt funds (-4.4%). Further, global private investment funds raised $151.2bn so far in 2021 through 296 deals. Private equity funds raised $116.1bn so far in 2021 and accounted for 76.8% of the capital assembled, followed by infrastructure funds with $12.5bn (8.3%), real estate investment funds with $11.7bn (7.8%), private debt funds with $10.1bn (6.7%), and natural resources funds with $0.8bn (0.5%).

*Source: Preqin pro*

### Nearly 54% of rated sovereigns have investment-grade rating

S&P Global Ratings indicated that 54% of the 135 sovereigns that it rates globally had an investment grade rating at the end of 2020, unchanged from a year earlier, and relative to a low of 51.5% at end-June 2017 and a recent high of 55.8% at end-2014. It said that 26% of rated sovereigns were in the 'B' rating category at the end of 2020, 20.7% stood in the 'BBB' segment, 14.8% of sovereigns were in the 'AA' category, 12% came in the 'BB' segment, 10.4% were in the 'A' category, and 8% stood in the 'AAA' segment. It said that the share of rated sovereigns in the 'CCC' category or lower reached a record high of 8% of rated sovereigns at end-2020. It pointed out that the global average sovereign credit rating shows the deterioration in credit quality, as it regressed from 'BBB' at the end of 2011 to 'BBB-' at the end of 2020, while the GDP-weighted average sovereign rating decreased from 'AA-' to 'A+' over the past 10 years. In parallel, S&P indicated that there were 105 'stable' outlooks, 26 'negative' outlooks and one 'positive' outlook at end-2020, reflecting the negative bias from the economic impact of the coronavirus. It noted that sovereigns with a 'negative' outlook on their ratings accounted for 31% of sovereigns in the Americas at end-2020 relative to 43% at end-June 2020, while the share of 'negative' outlooks was unchanged at 19% in Asia Pacific. Also, the share of 'positive' outlooks on ratings in Europe, the Middle East & Africa regressed from 9.5% at end-June to 4.8% at end-2020, and 16% of rated sovereigns in the region had a 'negative' outlook at end-2020 relative to 13.3% at end-June.

*Source: S&P Global Ratings*

## MENA

### E-commerce readiness varies across region

The United Nations Conference on Trade and Development (UNCTAD) ranked the UAE in 37th place among 152 countries globally and in first place among 19 Arab economies on its Business-to-Consumer (B2C) E-commerce Index for 2020. Saudi Arabia followed in 49th place, then Qatar (50th), Oman (54th), Kuwait (58th) and Lebanon (64th) as the Arab countries with the highest level of e-commerce readiness; while Iraq (129th), Sudan (132nd), Syria (133rd), Yemen (138th) and Mauritania (145th) were the least ready Arab countries. The index is a composite of four indicators that consist of the Internet penetration rate, the number of secure Internet servers per one million inhabitants, the payment account penetration rate, and the reliability of postal services, measures the readiness of countries to engage in online commerce and the steps involved in a B2C transaction. The Arab region's average score stood at 47.6 points compared to the global average score of 54.9 points. It came lower than the average scores of developed economies (87 points), of transition economies (63 points), of Western Asia (59 points); of East, South & Southeast Asia (58 points); and of Latin America & the Caribbean (48 points); while it was higher than the average score of Africa (31 points). The Internet penetration rate in Bahrain, Kuwait and Qatar was 100%, while the payments account penetration rate in the UAE stood at 88%. Also, the UAE had 61 secure Internet servers per one million inhabitants, the highest in the region.

*Source: UNCTAD, Byblos Research*

# OUTLOOK

## GCC

### Economic and investment outlook to have direct impact on population trends

S&P Global Ratings estimated that the size of the population of the six Gulf Cooperation Council (GCC) countries has declined by 4% on average in 2020, as expatriates have been leaving the region. It did not expect the size of the GCC population to return to its 2019 level of 57.6 million residents before 2023. It attributed the departure of expatriates to weaker economic activity amid the COVID-19 pandemic and the oil price shock, as well as to the governments' various labor nationalization policies.

It projected the GCC population to grow by an annual average of 1.3% in the next three years as a result of a growth rate of 0.7 percentage points in national birth rates, and from the partial return of foreign labor with the economic recovery. It expected the population of Dubai and Qatar to grow annually by 2.7% each in the 2021-23 period, followed by Bahrain (+2.6%), Abu Dhabi (+2.2%), Oman (+1%), and Saudi Arabia (+0.8%); while it anticipated Kuwait's population to contract by 0.5% annually.

In parallel, S&P developed three scenarios for population growth and labor market trends in GCC countries beyond 2023. In the first scenario, it expected economic growth to remain subdued amid lower government investments. In this case, it expected employment creation to stagnate and for the unemployment rate to increase among nationals, unless private and foreign investments surge significantly. In its second scenario, it assumed that GCC governments will increase investments to achieve economic diversification targets and support growth and job creation. However, it considered that this scenario is not sustainable as it raises the burden on public finances. It added that the third scenario consists of further economic and social liberalization and labor market flexibility to encourage the flow of investments and of skilled expatriates. It considered that GCC governments should diversify their economies towards higher value-added sectors, such as business services, healthcare, financial technology, and artificial intelligence, which would attract skilled expatriates.

*Source: S&P Global Ratings*

## SAUDI ARABIA

### Economic activity to grow by 2% in 2021, outlook depends on pace of COVID-19 vaccination

Jadwa Investment projected Saudi Arabia's real GDP to expand by 2.1% in 2021 after a contraction of 4.1% in 2020. It expected real hydrocarbon GDP to grow by 1.3% and for activity in the non-oil sector to accelerate by 2.7% this year. It noted that its forecasts assume that 15% to 20% of the adult population in the Kingdom will be vaccinated against the coronavirus by mid-2021 and about 70% of the population will receive the vaccine by the end of the year. As a result, it anticipated that activity in the wholesale & retail trade, restaurants & hotels, and construction sectors, as well as in the transport, storage and communication sectors will pick up, as authorities gradually relax social distancing restrictions. Further, it forecast the country's oil production to grow slightly from 9.2 million barrel per day (b/d) in 2020 to 9.3 million b/d in 2021 as a result of the opening of the Jazan refinery and the expansion of a gas processing plant, and despite the ongoing compliance with the OPEC+ agreement about crude oil production. It noted that the key risk to the outlook is a more prolonged pandemic in case of a second wave of infections in the Kingdom, or a slower-than-anticipated distribution of the vaccine.

In parallel, it projected the fiscal deficit to narrow from 12% of GDP in 2020 to 4.8% of GDP in 2021, mainly due to a 7% decrease in spending and a 10.5% increase in revenues, generated largely from oil receipts. It expected the public debt to increase from SAR854bn at end-2020 to SAR937bn at end-2021 with the government's plan to issue additional debt. But it forecast the public debt level to regress from 33.5% of GDP at end-2020 to 32.8% of GDP at end-2021. Further, Jadwa projected the current account balance to shift from a deficit of 2.6% of GDP in 2020 to a surplus of 2.5% of GDP in 2021, mainly due to the expected increase in hydrocarbon and non-hydrocarbon export receipts. It anticipated reserve assets at the Saudi Central Bank to slightly increase from $453bn at the end of 2020 to $455bn at end-2021.

*Source: Jadwa Investment*

## EGYPT

### Reliance on short-term external funding poses major risk to foreign currency liquidity

Goldman Sachs considered that Egypt managed to contain the impact of the COVID-19 outbreak on its external balance sheet, mainly due to substantial financial and technical support from the International Monetary Fund and to financial support from bilateral and multilateral donors. It projected the current account deficit to widen from 3.1% of GDP in the fiscal year that ended in June 2020 to 3.9% of GDP in FY2020/21, due to the collapse in tourism receipts. It noted that lower demand for imports and a rise in remittance inflows have prevented a more significant widening of the deficit. It forecast foreign currency reserves at $38.5bn at end-June 2021 amid sizeable capital inflows, and at an average of $38.7bn over the next three years.

However, it pointed out that the stability of the balance of payments masks the vulnerability of Egypt's foreign currency liquidity to external shocks. It considered that the three structural weaknesses in the country's external accounts are a wide trade deficit and low export competitiveness; the high concentration of current account receipts, especially in tourism and remittance inflows; and an increased reliance on short-term external liabilities to meet external financing requirements. It added that the latter poses the most significant risk to foreign currency liquidity, as portfolio outflows of $20bn in the fourth quarter of FY2019/20 sharply reduced foreign currency reserves. It noted that the Egyptian pound would have faced significant depreciation pressure without the substantial support that the IMF provided.

As such, Goldman Sachs assessed the impact on foreign currency reserves of a negative shock to tourism receipts, remittances inflows, and portfolio investments. First, it noted that a delay by two quarters in the recovery of tourism activity would reduce foreign currency reserves from $38.5bn at end-June 2021 to $34.2bn at end-June 2024. Second, it projected foreign currency reserves to drop to $28.7bn at end-June 2024 in case remittance inflows underperform expectations by 10% in the next three years. Third, it forecast foreign currency reserves to decline to $30.2bn at end-June 2024, if portfolio inflows moderate over the next two quarters and then start to decline gradually.

*Source: Goldman Sachs*

## GCC

### Agency takes rating action on sovereigns

Capital Intelligence Ratings downgraded Oman's long-term foreign and local currency ratings from 'BB+' to 'BB', and maintained the 'negative' outlook on the ratings. It attributed the downgrade to a significant increase in the public and external debt levels in 2020 and to expectations that the debt metrics will continue to deteriorate over the 2021-22 period. It projected fiscal deficits of 10.9% of GDP in 2021 and of 9.6% of GDP in 2022, despite higher global oil prices and the implementation of fiscal consolidation measures. It indicated that the government's strong reliance on external commercial borrowing highlights the risks from changes in international investor sentiment, and forecast the public and external debt levels at 90.1% of GDP and 128.2% of GDP, respectively, at end-2022. In parallel, CI Ratings affirmed Kuwait's long-term ratings at 'AA-', and revised the outlook from 'stable' to 'negative'. It attributed the outlook revision to increasing pressure on government liquidity from wide budget deficits, the imminent depletion of the assets of the General Reserve Fund, and the lack of parliamentary authorization for new borrowing due to the ongoing political impasse over the proposed public debt law. It did not expect the measures that the government has taken to be sufficient to cover recurring financing needs. Still, it noted that Kuwait has the financial capacity to reduce refinancing risks and pressures on government liquidity due to the substantial assets under the management of the Kuwait Investment Authority, which it estimates at about five times the country's GDP in 2020.

*Source: Capital Intelligence Ratings*

## UAE

### Real GDP growth to average 3.2% in 2021-22

Regional investment bank EFG Hermes projected the UAE's real GDP to grow by 3.8% in 2021 and by 2.6% in 2022, following a contraction of 6.3% in 2020. It indicated that the authorities' re-imposition of restrictive measures to contain the recent spike in the number of coronavirus infections will weigh on economic activity. However, it considered that the country's elevated rate of vaccination will help the economy to recover at a faster pace in the second half of 2021 relative to peers. In addition, it said that the UAE's economic rebound will be supported by favorable cyclical factors, including the increase in oil prices. It added that Dubai's service-based and open economy will benefit from a cycle of a weak US dollar, as well as from Expo 2020 that will start in October 2021 and which is expected to boost confidence and to accelerate the needed recovery in tourism activity. Further, it pointed out that authorities have introduced several reforms to open the economy and to support structural growth, including a new investment law and more flexible residency and citizenship-related policies. Moreover, it welcomed Abu Dhabi's efforts to boost activity in the non-oil sector, including the revitalization of state-owned companies, such as the agreement with Aldar Properties to develop projects worth AED30bn. But it anticipated that the impact of these initiatives on non-oil activity will be more visible in 2022 rather than in 2021. In parallel, it noted that the UAE's economy will continue to face challenges this year, due to the government's tight fiscal space and to the difficult economic conditions in neighboring countries.

*Source: EFG Hermes*

## IRAQ

### Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Iraq's long- and short-term foreign and local currency sovereign credit ratings at 'B-/B', with a 'stable' outlook. It attributed its decision to Iraq's manageable external debt-servicing requirements relative to its foreign currency reserves. It estimated the country's gross foreign currency reserves at $55bn at the end of 2020 relative to $65bn at end-June 2020, while it expected Iraq's external debt servicing to average $5.8bn annually in the 2021-23 period. Further, it forecast the fiscal deficit at 11.9% of GDP in 2021 and at an average of 8% of GDP annually in the 2022-24 period, due to recurrent spending pressure and investment needs. But it anticipated the government to meet its domestic financing needs from domestic banks and from the Central Bank of Iraq. It noted that the recent devaluation of the Iraqi dinar is helping preserve foreign currency reserves and, consequently, to support the government's external debt-servicing capacity. It did not anticipate further devaluations of the dinar before 2024. However, it pointed out that the recent devaluation reflects a shift towards a more flexible monetary stance, as the government will be more selective in defending the dinar's peg to the dollar in times of external stress. It expected the current account deficit to narrow from 10.3% of GDP in 2020 to 2.6% of GDP in 2021, and to return to a surplus in 2023 in case of higher oil export receipts. It noted that the Parliament's approval of a budget in 2021 will be key to unlock potential bilateral and multilateral financial assistance.

*Source: S&P Global Ratings*

## ETHIOPIA

### COVID-19 impact more significant in FY2020/21

The International Monetary Fund indicated that the COVID-19 pandemic and the domestic security situation have generated significant social and economic challenges in Ethiopia, which required authorities to adjust their policies in order to mitigate the impact of the two shocks. It said that the government's response to the pandemic included an increase in spending on emergency healthcare and social services, as well as several tax measures. It added that the National Bank of Ethiopia provided additional liquidity to support banks and firms that have been affected by the crisis. It noted that the economic repercussions of the pandemic materialized late in the fiscal year that ended in June 2020, and anticipated the impact to be more pronounced in FY2020/21. It considered that Ethiopia's performance under the Extended Credit Facility and Extended Fund Facility programs has been strong, but pointed out that the pandemic required some adjustments to the near-term objectives of the programs. In addition, it said that the domestic security situation resulted in humanitarian and reconstruction needs. As such, it expected the government to increase expenditures in FY2020/21 to meet these requirements. In parallel, the IMF welcomed Ethiopia's request for debt treatment under the G-20 Common Framework, given that it will enhance the country's debt sustainability, and called for a plan to address the debt of state-owned enterprises. It projected the country's real GDP growth at 2% in FY2020/21 and at 8.7% in FY2021/22. It considered that the outlook is subject to downside risks, given the uncertainties about the magnitude and duration of the pandemic and of political instability, as well as the extent of the locust infestation in some parts of the country.

*Source: International Monetary Fund*

## SUDAN

### Khartoum takes measures to unify exchange rates

The Central Bank of Sudan (CBoS) announced on February 21, 2021 a series of measures for banks and exchange bureaus to unify the prevailing multiple exchange rates in the market through a managed currency float. It indicated that it will publish the indicative rate on a daily basis, and asked banks and exchange bureaus to trade within a 5% band and with a 0.5% profit margin between the buy and sell prices. Accordingly, the official exchange rate jumped from SDG55 against the US dollar to SDG375.08 per dollar on February 21, and stood at SDG377.09 per dollar on February 25. The black market rate reportedly strengthened to about SDG370 per dollar on February 23 from about SDG380 to SDG385 on February 22, 2021. In addition, transactions on the black market reportedly slowed, while some Sudanese citizens went to banks to sell dollars for the first time in years. The CBoS indicated that the unification and related measures aim to redirect transactions in foreign currency from the parallel market, which accounts for more than 90% of all transactions, to the official market. It added that the new exchange rate regime intends to channel remittance inflows through the banking sector, to attract foreign direct investments, to normalize relations with regional and international financial institutions and with other countries in order to have access to grants and loans from them, to promote exports, as well as to stop currency speculation and the smuggling of foreign currency and products. The unification of the exchange rate is part of the government's reforms plan that is supported by an unfunded Staff-Monitoring Program with the International Monetary Fund, as the authorities aim to establish a track record of reforms and help advance the debt relief under the Heavily Indebted Poor Countries Initiative.

*Source: Central Bank of Sudan, Byblos Research*

## MOROCCO

### Ratings on five banks affirmed, outlook 'stable'

Fitch Ratings affirmed at 'BB' the long-term foreign- and local-currency Issuer Default Ratings (IDRs) of Attijariwafa Bank (AWB), Bank of Africa (BOA), and Crédit Immobilier et Hôtelier (CIH). Also, it maintained at 'AAA(mar)' the national long term ratings of Société Générale Marocaine de Banques (SGMB) and Banque Marocaine pour le Commerce et l'Industrie (BMCI), and at 'AA-(mar)' the national ratings of AWB, BOA and CIH. It kept the 'stable' outlook on all the banks' ratings, in line with the outlook of the sovereign. The agency noted that the IDRs and national long term ratings of AWB, BOA, and CIH are driven by the moderate probability of support from the Moroccan government, in case of need, which is limited by widening fiscal deficits and increasing public debt levels. It indicated that the ratings of SGMB and BMCI reflect the strong ability and willingness of support from Société Générale and BNP Paribas, the respective major shareholders of the two banks. Further, it maintained the Viability Rating (VR) of AWB at 'bb' and the rating of BOA at 'bb-', while it downgraded the VR of CIH from 'bb-' to 'b+'. It attributed the downgrade of CIH's VR to rising pressures on its asset quality and profitability metrics due to the adverse impact of the coronavirus pandemic on the economy, along with bank's weak core capital buffers. It expected the operating environment in Morocco to continue to be challenging for banks in 2021.

*Source: Fitch Ratings*

## SAUDI ARABIA

### Retail lending drives credit growth, eases coronavirus impact on banks

Fitch Ratings indicated that retail lending has expanded significantly in the past few years in Saudi Arabia and has become the main driver of credit growth in the banking sector. It pointed out that retail loans accounted for 38% of total lending at the end of March 2020, up from 31% at end-2016. It attributed the increase in retail lending mainly to the rise in mortgages, which benefited from many government initiatives aiming at expanding home ownership in the Kingdom. It noted that mortgages grew by 41% in the first nine months of 2020, which largely contributed to the 11.5% growth in overall lending. It said that the strong growth in retail lending helped mitigate the adverse impact of the coronavirus on Saudi banks in 2020 and supported their asset quality. It anticipated the rapid expansion of retail credit to continue, underpinned by strong demand, the banks' elevated appetite for retail lending, and the government's guarantees and subsidies on mortgages. It added that margins on retail loans are elevated mainly due to the low funding costs and the absence of caps on the pricing of these loans. In addition, it considered that a larger portion of retail lending at Saudi banks would be credit-positive and support their financial and risk profiles, given the lower impairment levels in this segment than in corporate loans, lower risk-weight requirements, and higher profit margins. However, Fitch noted that austerity measures, rising unemployment rates, weaker consumer confidence and increased competition constitute key risks to retail lending.

*Source: Fitch Ratings*

## NIGERIA

### Market conditions point to currency devaluation

Goldman Sachs indicated that the administrative restrictions that the Nigerian authorities enforced on imports and on capital outflows have been successful in stabilizing foreign currency reserves. However, it considered that these measures are holding back the economic recovery, and are increasing inflation and undermining confidence. It noted that high inflation differentials between Nigeria and its major trading partners have raised uncertainties about the sustainability of the naira peg against the US dollar. It also said that the impact of the coronavirus pandemic and the collapse in oil prices generated the need for a currency adjustment. It added that authorities allowed a 6% devaluation of the NAFEX rate in March 2020 to just under NGN390 per US dollar, as well as a devaluation of the official rate to NGN379 per US dollar in August. It considered that these adjustments are insufficient to support the naira in the coming 12 to 18 months, even under aggressive import restrictions. However, it said that the timing of the eventual adjustment is uncertain, and would be contingent on global oil prices and on the political will to restrict access to foreign currency. It expected the authorities to be able to defend the current exchange rate for the time being if oil prices continue to improve, while a sustained low oil-price environment would imply additional pressure on foreign currency reserves and a more rapid adjustment. As such, it said that the current restrictions on foreign currency are unsustainable in the medium term, and expected a devaluation of the Naira to NGN500 against the US dollar in order to restore the sustainability of external balances.

*Source: Goldman Sachs*

## Oil prices to reach $75 p/b in third quarter of 2021

ICE Brent crude oil front-month prices reached a 13-month high at $67 per barrel (p/b) on February 24, 2021, and almost recovered from the impact of the coronavirus pandemic that led to the steady drop in prices since January 2020. The U.S. Federal Reserve's reassurance that it will maintain its policy of monetary easing boosted the risk appetite of investors and supported oil prices. In parallel, Goldman Sachs indicated that market fundamentals have been driving the higher-than-projected oil prices this year, with better-than-anticipated demand and still muted oil supply, which resulted in a wider-than-expected deficit in the global oil market in the first two months of the year. It pointed out that Iranian oil and U.S. shale oil production could rebound materially in the second half of 2021 from their current low levels. But it anticipated the recovery of Iranian oil exports to take several months, and for U.S. oil output to remain constrained by higher marginal costs to restart upstream activity. As such, it projected the global oil market to tighten this summer, and expected oil inventories of the Organization for Economic Cooperation and Development countries to normalize. It forecast oil prices to rally sooner and to higher levels than anticipated, and projected Brent oil prices to reach $70 p/b in the second quarter of 2021 and $75 p/b in the third quarter of the year.
*Source: Goldman Sachs, Refinitiv, Byblos Research*

## Global oil demand projected to rise 6% to 96 million b/d in 2021

The Organization of the Petroleum Exporting Countries expected global oil demand to reach 96.1 million barrels per day (b/d) in 2021, which would constitute an increase of 6.4% from 90.3 million b/d in 2020, and compared to 100 million b/d in 2018. It anticipated oil demand in North America at 24.2 million b/d in 2021, or 25.2% of total demand, followed by China (14.7%), Europe (13.5%), other emerging Asian countries (9%), the Middle East (8.3%), Asia Pacific (7.6%), Latin America (6.6%), Eurasian countries (5.5%), India (5.2%), and Africa (4.4%).
*Source: OPEC*

## Saudi Arabia's oil exports up 4% in December

Total oil exports from Saudi Arabia, which include crude oil and other oil products, amounted to 7.7 million barrels per day (b/d) in December 2020, and increased by 4% from 7.4 million b/d in November and compared to 8.4 million b/d in December 2019. In parallel, crude oil output averaged 9 million b/d in December 2020, unchanged from the preceding month and relative to 9.6 million b/d in December 2019. Further, Saudi Arabia's oil export receipts reached $12.4bn in December 2020 and dropped by $5.2bn, or by 29.6%, from $17.6bn in December 2019.
*Source: JODI, General Authority for Statistics*

## Angola's oil export receipts down 46% annually to $462m in January 2021

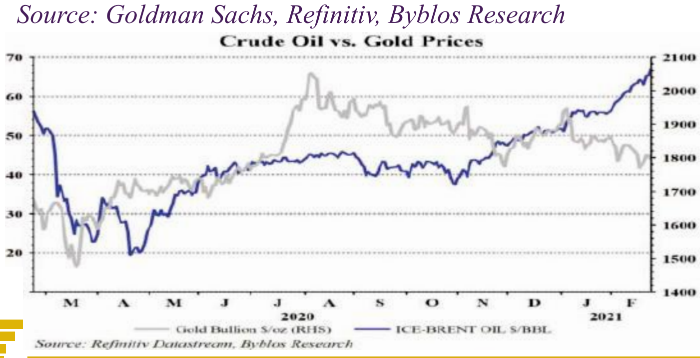
Oil exports from Angola reached 36.7 million barrels in January 2021, constituting an increase of 0.4 million barrels (+1.2%) from December 2020, and a decline of 9.2 million barrels (-20%) from January 2020. The country's oil export receipts totaled KZ302.6bn or $461.6m in January 2021, and decreased by 9.3% from KZ333.7bn ($510m) in December 2020. They also declined by 46% from KZ560.3bn ($1.8bn) in January 2020.
*Source: Angola's Ministry of Finance*

## Base Metals: Copper prices to reach a record high of $10,500 per ton in 2021

LME copper cash prices closed at $9,340 per ton on February 24, 2021, constituting an increase of 21% from $7,749 at the end of 2020 and representing their highest level since August 2011. The surge in prices has been driven mainly by concerns about supply tightness, by solid demand for the metal and by a weaker US dollar. Chinese consumption of copper picked up after the Lunar New Year holiday on February 12, while investors are increasingly buying metals as a hedge against the global rise in inflation. Also, investors expect demand for copper from the power and construction sectors to exceed supply. Further, Goldman Sachs estimated that the supply deficit in the copper market is nearing 327,000 tons, its largest deficit in a decade, as it forecast production to fail to keep up with the rapid recovery in demand for the metal. As a result, the bank revised upward its 12-month target price for copper to a record high of $10,500 per ton. In parallel, the latest available figures show that global demand for refined copper was 23 million tons in the first 11 months of 2020, up by 2.5% year-on-year, as the 14% growth in Chinese demand offset the 10% decrease in demand from the rest of the world. Also, global refined copper production grew by 1.8% annually to 22.4 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: ICSG, Goldman Sachs, Refinitiv*

## Precious Metals: Silver prices at an average of $27.8 per ounce in 2021

Silver prices averaged $26.6 per troy ounce in the year-to-February 24, 2021 period, constituting an increase of 48% from an average of $18 an ounce in the same period last year. The rise in the metal's price is mainly due to a surge in inflation rates globally, which has reinforced the appeal of the metal as a hedge against inflation and as a cheaper alternative to gold. Also, the metal's price reached $27.9 per ounce on February 24, 2021, down by 2.8% from a recent high of $28.7 an ounce on February 1, 2021, due to a stronger US dollar, to concerns that the U.S. economic stimulus package could be delayed, and to uncertainties about the global economic recovery. In parallel, Goldman Sachs projected demand for investments in silver to remain elevated in 2021, as investors aim to diversify part of their gold exposure with placements in silver. It also expected significantly higher industrial demand for the metal this year due to substantial investments in solar energy globally. In fact, it anticipated that industrial demand for silver could rise by 9% in 2021, due in part to higher targets for renewable energy in China. As such, it forecast prices to rise by 35.6% from an average of $20.5 an ounce in 2020 to an average $27.8 per ounce in 2021.
*Source: Goldman Sachs, Refinitiv, Byblos Research*



# 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 (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Africa** | | | | | | | | | | | | | |
| Algeria | - - | - - | - - | - - | B+ Negative | -6.5 | - | - | - | - | - | -10.8 | 1.1 |
| Angola | CCC+ Stable | Caa1 Stable | CCC - | - - | CCC Negative | -1 | 111.2 | 7.8 | 62.6 | 40.4 | 101.0 | -4.0 | 1.5 |
| Egypt | B Stable | B2 Stable | B+ Stable | B+ Stable | B+ Stable | -8.0 | 90.2 | 5.6 | 68.6 | 50.1 | 121.1 | -3.5 | 1.9 |
| Ethiopia | B- CWN** | B2 Negative | CCC - | - | B+ Negative | -3.4 | 34.3 | 2.0 | 60.4 | 5.0 | 169.5 | -6.5 | 2.6 |
| Ghana | B- Stable | B3 Negative | B Stable | - - | BB- Negative | -7.5 | 71.7 | 2.6 | 42.3 | 53.2 | 121.4 | -3.1 | 3.8 |
| Côte d'Ivoire | - - | Ba3 Stable | B+ Positive | - - | B+ Stable | -4.1 | 43.2 | | | 14.3 | | -3.5 | 1.4 |
| Libya | - - | - - | - - | - - | CCC Negative | - | - | - | - | - | - | - | - |
| Dem Rep Congo | CCC+ Stable | Caa1 Stable | - - | - - | CCC Stable | -0.8 | 13.17 | 0.49 | 7.88 | 2.16 | 116.35 | -4.3 | 3 |
| Morocco | BBB- Negative | Ba1 Negative | BB+ Stable | - - | BBB Negative | -5.0 | 68.2 | 5.3 | 35.1 | 8.6 | 99.0 | -5.3 | 1.5 |
| Nigeria | B- Stable | B2 Negative | B Stable | - - | B- Negative | -4.5 | 46.0 | 4.1 | 56.7 | 27.7 | 119.9 | -1.7 | 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 | -5.4 | 51.3 | 0.4 | 22.3 | 7.1 | 134.0 | -5.5 | 1.5 |
| Rwanda | B+ Negative | B2 Negative | B+ Stable | - - | B+ Negative | -9.0 | 71.4 | 4.1 | 24.2 | 8.0 | 112.6 | -10.7 | 2.0 |
| **Middle East** | | | | | | | | | | | | | |
| Bahrain | B+ Stable | B2 Stable | B+ Stable | BB- Negative | B+ Negative | -6.8 | 115.4 | -1.2 | 198.8 | 26.7 | 345.2 | -6.6 | 2.2 |
| Iran | - - | - - | - - | B Negative | B- Negative | -3.7 | - | - | - | - | - | -2.0 | 1.2 |
| Iraq | B- Stable | Caa1 Stable | B- Negative | - - | CC+ Stable | -8.0 | 78.1 | -4.4 | 6.0 | 6.6 | 185.9 | -2.4 | -1.0 |
| Jordan | B+ Stable | B1 Stable | BB- Negative | B+ Stable | B+ Stable | -3.0 | 93.9 | 1.0 | 86.0 | 11.9 | 182.9 | -6.4 | 2.2 |
| Kuwait | AA- Negative | A1 Stable | AA Negative | AA- Negative | AA- 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+ Stable | Ba3 Negative | BB- Negative | BB Negative | BB- Negative | -11.3 | 84.3 | 1.4 | 47.1 | 12.4 | 146.6 | -10.9 | 2.7 |
| Qatar | AA- Stable | Aa3 Stable | AA- Stable | AA- Stable | A+ Negative | 5.3 | 63.3 | 2.9 | 179.1 | 7.2 | 225.3 | -1.2 | -1.5 |
| Saudi Arabia | A- Stable | A1 Negative | A Negative | A+ Stable | A+ Stable | -6.2 | 38.2 | 16.3 | 18.4 | 3.6 | 50.4 | -0.6 | -1.0 |
| Syria | - - | - - | - - | - - | C Stable | - | - | - | - | - | - | - | - |
| UAE | - - | Aa2 Stable | AA- Stable | AA- Stable | AA- Stable | -1.6 | 40.5 | - | - | 2.5 | - | 3.1 | -0.9 |
| Yemen | - - | - - | - - | - - | CC Stable | - | - | - | - | - | - | - | - |

# COUNTRY RISK METRICS

| Countries | S&P | Moody's | Fitch (LT Foreign currency rating) | 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 | -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 | Stable | 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 | | Next meeting |
|---|---|---|---|---|---|
| | | | Date | Action | |
| 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 | 24-Feb-21 | No change | 14-Apr-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-Feb-21 | No change | 22-Mar-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 | 25-Feb-21 | No change | 15-Apr-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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