650 ISSUES+
Issue 664 | March 4, 2021
BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Retail e-commerce up 28% to $4.3 trillion in 2020

Research firm Insider Intelligence estimated global retail e-commerce sales at $4.3 trillion (tn) in 2020, constituting an increase of 27.6% from $3.4tn in 2019 and an upward revision from its previous growth forecast of 16.5% for 2020. It noted that retail e-commerce sales grew by 36.7% in Latin America in 2020, followed by North America with a rise of 31.8%, Central & Eastern Europe (+29%), Asia-Pacific (+26.4%), Western Europe (26.3%), and the Middle East & Africa region (+20%). On a country level, it said that retail e-commerce sales in Argentina expanded by 79% in 2020, the fastest growth rate worldwide, followed by sales in Singapore that surged by 71% last year. In parallel, Insider Intelligence projected global e-commerce sales to increase by 14.3% to $5tn in 2021. It attributed the anticipated slowdown in the growth of digital sales to a rebound in sales through traditional physical businesses, and to the high statistical base effect in 2020. It forecast the number of Chinese consumers at 792.5 million, or 33.3% of global digital shoppers in 2021. Also, it expected e-commerce sales in China to reach $2.8tn or 56.8% of global e-commerce sales in 2021, while it anticipated China to become the first country on record to execute 52% of its retail sales through e-commerce. In parallel, it estimated that global retail sales contracted by 3% to $23.8tn in 2020, and expected them to grow by 5% in 2021.

Source: Insider Intelligence

GCC

Fixed income issuance up 10% to $29bn in first two months of 2021

Total fixed income issuance in Gulf Cooperation Council (GCC) countries reached $28.6bn in the first two months of 2021, constituting an increase of 9.6% from $26.1bn in the same period of 2020. Fixed income issuance in the covered period consisted of $13.2bn in corporate bonds, or 46.2% of the total, followed by $11.1bn in sovereign bonds (38.8%), $2.7bn in corporate sukuk (9.4%), and $1.6bn in sovereign sukuk (5.6%). Further, aggregate bonds and sukuk issued by corporates amounted to $15.9bn in the covered period, or 55.6% of fixed income issuance in the region; while aggregate issuance by sovereigns reached $12.7bn, or 44.4% of the total. GCC sovereigns issued $6.9bn in bonds and sukuk in January, and $5.8bn in February 2021. In parallel, companies in the GCC issued $6.3bn in bonds and sukuk in January and $9.6bn in February of this year. Sovereign issuance in February consisted of $5bn in bonds issued by Saudi Arabia and of $750m in bonds issued by supranational issuer Arab Petroleum Investments Corporation (APICORP). In parallel, corporate issuance in the covered month included $6.2bn in bonds issued by UAE-based companies, $800m in sukuk issued by Saudi Arabia-based firms, $700m in bonds issued by Kuwait-based corporates, $600m in bonds issued by Oman-based companies, and $531.8m in bonds issued by Qatar-based firms. There was no sovereign sukuk issuance in February 2021.

Source: KAMCO

MENA

Stock markets up 4% in first two months of 2021

Arab stock markets increased by 4.4% and Gulf Cooperation Council equity markets expanded by 4.6% in the first two months of 2021, relative to contractions of 7.2% and 8.3%, respectively, in the same period of 2020. In comparison, global stocks improved by 2.1% and emerging market equities grew by 4.3% in the covered period. Activity on the Damascus Securities Exchange rose by 24.5% in the first two months of 2021, the Beirut Stock Exchange gained 12.5%, the Abu Dhabi Securities Exchange improved by 12.3%, the Iraq Stock Exchange expanded by 9.6%, and the Amman Stock Exchange and the Egyptian Exchange appreciated by 6.3% each. In addition, the Saudi Stock Exchange gained 5.2%, the Palestine Exchange expanded by 2.9%, the Dubai Financial Market improved by 2.4%, the Boursa Kuwait increased by 2.2%, the Casablanca Stock Exchange grew by 0.6%, and the Khartoum Stock Exchange advanced by 0.4% in the covered period. In contrast, activity on the Tunis Bourse deteriorated by 3% in the first two months of 2021, the Qatar Stock Exchange decreased by 2.8%, the Bahrain Bourse declined by 1.6%, and the Muscat Securities Market regressed by 1.3%.

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

Logistics infrastructure in Arab world slightly more developed than in emerging markets

Transport Intelligence's 2021 Agility Emerging Markets Logistics Index indicated that the UAE has the fourth most attractive market for the logistics industry among 50 emerging economies, and the most favorable market among 13 Arab countries. Saudi Arabia followed in sixth place, then Qatar (9th), Oman (14th), and Bahrain (15th) as the top ranked Arab countries. In contrast, Egypt (20th), Tunisia (31st), Algeria (32nd), Lebanon (33rd), and Libya (49th) have the least favorable market conditions for the logistics industry in the Arab region. The index compares a country's prevailing operational environment to its current logistics opportunities and potential. It ranks emerging markets (EMs) based on factors that make them attractive to logistics companies, air cargo carriers, shipping lines, freight forwarders and distribution firms. The index is an average of three equally weighted sub-indices that are Domestic Logistics Opportunities, International Logistics Opportunities, and Business Fundamentals. The Arab region's average score stood at 5.09 points, lower than the region's average of 5.15 points in the 2020 survey, but higher than the EMs' average of five points in this year's survey. Also, Gulf Cooperation Council (GCC) countries and non-GCC Arab countries had average scores of 5.65 points and 4.72 points, respectively. The UAE (4th), Qatar (6th) and Saudi Arabia (7th) were the top ranked Arab countries on the Domestic Logistics Opportunities Sub-Index. Further, the UAE (9th), Saudi Arabia (12th) and Morocco (15th) led on the International Logistics Opportunities Sub-Index; while the UAE (1st), Saudi Arabia (3rd) and Qatar (4th) were the top ranked Arab countries on the Business Fundamentals Sub-Index.

Source: Transport Intelligence, Byblos Research

OUTLOOK

IRAQ

Non-hydrocarbon sector to grow by 5% in 2021, outlook subject to substantial downside risks

The International Monetary Fund projected Iraq's real GDP to grow by 1.2% in 2021, following a contraction of 11.2% in 2020 that resulted from the COVID-19 pandemic and the drop in oil output. It forecast the non-hydrocarbon sector to grow by 5% this year after shrinking by 8% in 2020, in case coronavirus-related measures are phased out and if international trade and tourism activity rebounds. However, it anticipated the momentum in the non-oil economy to be subdued due to fiscal constraints and to the decrease in domestic demand following the devaluation of the currency. It projected real GDP growth to average 3.5% over the medium term and to reach its pre-pandemic level by 2024.

The IMF expected the fiscal deficit to narrow from 20.3% of GDP in 2020 to 16.2% of GDP in 2021, supported by the revaluation of oil export receipts in US dollars at the new exchange rate, which would more than offset higher spending. It projected the deficit to narrow gradually and to reach 3.2% of GDP by 2026 in case the authorities implement the reforms envisaged in their "White Paper". It noted that the anticipated fiscal adjustment will still require sizable fiscal financing needs. As such, it forecast the public debt level to rise from 83% of GDP at end-2020 to 92% of GDP by the end of 2023 before gradually declining to 87.7% of GDP by 2026. It expected the composition of the public debt stock to remain favorable, with legacy debt and borrowing from the Central Bank of Iraq and state-owned banks accounting for more than 70% of the debt stock in 2020.

In parallel, the Fund projected the current account deficit to narrow from 15.2% of GDP in 2020 to 4.1% of GDP in 2021 and to 2% of GDP over the medium term, supported by the currency devaluation, the recovery in global oil demand, and fiscal reforms. Still, it expected foreign currency reserves to drop from $54.1bn at end-2020 to $25.6bn by the end of 2026, due to large fiscal and external financing needs. The IMF indicated that risks to the outlook are substantial and include potential political constraints and social unrests that could prevent the implementation of economic reforms, lead to an unsustainable public debt level, and to the depletion of foreign currency reserves in the medium term.

Source: International of Monetary Fund

ALGERIA

Growth at 2.8% in 2021, outlook contingent on reforms and economic diversification

The Institute of International Finance indicated that the Algerian economy fell into recession as a result of the lockdowns in response to the COVID-19 outbreak and to the sharp drop in global oil prices. It expected the ongoing economic recovery to accelerate in the second half of 2021 in case the second wave of the pandemic recedes, vaccines become widely available in the country, public investments recover, oil production cuts under the OPEC+ agreement are limited, and natural gas production resumes its rise. As such, it projected the country's real GDP to grow by 2.8% in 2021, following an estimated contraction of 7% in 2020, with real hydrocarbon GDP growing by 1.8% and activity in the non-hydrocarbon sector rising by 3% this year. It considered the outlook to be contingent on reforms and economic diversification.

In parallel, the IIF expected authorities to pursue a modestly expansionary fiscal stance in 2021. Still, it projected the fiscal deficit to narrow from 9.4% of GDP in 2020 to 5.1% of GDP in 2021, in case oil and natural gas prices average $60 per barrel (p/b) and $6.4 per million British Thermal Units (mmbtu), respectively, in 2021, compared to a budgeted deficit of 13.5% of GDP for this year. It anticipated the authorities to finance the deficit entirely from domestic borrowing, mainly from Banque d'Algérie. It expected the external debt level to remain in single digits, but forecast the public debt level at 47% of GDP at the end of 2021, up from 34.3% of GDP at end-2019. Further, it projected the current account deficit to narrow from 11.8% of GDP in 2020 to 4% of GDP in 2021, in case oil prices and natural gas prices average $60 p/b and $6.4 per mmbtu, respectively, this year. It forecast foreign currency reserves to decline from $48.9bn at the end of 2020 to $45.9bn at end-2021, amid weak non-resident capital inflows, and to be equivalent to 13 months of import coverage. It anticipated that a drop of $10 p/b in oil prices would widen the fiscal and current account deficits by 2.6 and 3.8 percentage points of GDP, respectively, in 2021.

Source: Institute of International Finance

ANGOLA

Near-term debt sustainable, long-term risks persist

Standard Chartered Bank indicated that Angola's near-term debt sustainability has improved, as the country's debt re-profiling with Chinese creditors and its participation in the G-20 Debt Service Suspension Initiative (DSSI) have significantly reduced its debt servicing requirements in the short term. It estimated that the DSSI and the re-profiling of Angola's debt to China, which accounts for more than 40% of its external debt, will result in $3.2bn in debt relief in 2021 and $7bn in total relief in the 2020-22 period. It said that Angola still has to pay $5.2bn in external debt servicing this year, which it considered to be manageable. It noted that the increase in oil export revenues will support the country's debt sustainability, given that 80% of the country's debt is indexed to or is denominated in foreign currency. It added that multilateral support would help reduce the risk of sovereign default in the near term. It anticipated that Angola may receive additional multilateral support in 2021 on top of the $2bn that the International Monetary Fund provided, including $500m from the World Bank, $200m from the African Development Bank and $120m from a bilateral official development agency.

However, it noted that risks to the long-term outlook on Angola's debt sustainability are elevated, especially after 2023, as the debt servicing payments that were suspended will resume. It also anticipated that the ongoing deterioration in the country's oil output and its significant susceptibility to shifts in oil prices will further weigh on debt sustainability. It projected debt servicing to increase from $5.2bn in 2021 to $8.8bn in 2025. Further, it did not expect Angola to request a debt restructuring under the G-20 Common Framework Agreement (CFA), given that the country has already re-profiled a large portion of its external debt, and the authorities' desire to preserve market access, especially after the negative market response to Ethiopia's debt restructuring announcement. Still, it indicated that Angola might choose to participate in the G-20 CFA, in case markets consider the decision to be an orderly process to reach longer-term debt sustainability.

Source: Standard Chartered Bank

EMERGING MARKETS

Renewed economic setbacks to increase credit risks

S&P Global Ratings indicated that economic conditions across emerging markets (EMs) are showing small signs of improvement from the drop in activity last December. However, it noted that downside risks are still significant, amid COVID-19-related developments and varying degrees of lockdowns across EMs. It considered that renewed economic setbacks could further raise credit risks in EMs. It pointed out that the fiscal metrics of major EM sovereigns have worsened during the pandemic due to a drop in government revenues and to stimulus packages. It forecast the median public debt level of 60 EM sovereigns at 65.8% of GDP at the end of 2021, up by by 15.5 percentage points from end-2019 and by 30 percentage points from end-2008. It added that the debt level will exceed 100% of GDP in 13 EMs in 2021. It expected about 50% of rated EMs to stabilize their public debt-to-GDP ratios by 2023. It anticipated that seven key EM sovereigns, which are Brazil, Chile, Poland, Russia, Saudi Arabia, South Africa and Thailand, need stronger-than-expected economic growth and fiscal performance to stabilize their public finances by 2023. In this context, it estimated the required fiscal adjustment in Saudi Arabia at 10.5% of GDP, but forecast a consolidation of 7.7% of GDP only, leading to a primary deficit of 2.3% of GDP in 2023. It expected the cost of debt in Saudi Arabia and South Africa to exceed the growth rate of their nominal GDP by 2023, which will keep their debt-to-GDP ratios on the rise, unless they achieve primary surpluses to stabilize their debt.

Source: S&P Global Ratings

KUWAIT

Exodus of expatriates leads to steepest decline in population count in 30 years

The National Bank of Kuwait indicated that the population of Kuwait regressed by 2.2% in 2020 to 4.68 million residents, constituting the steepest decline in almost 30 years, driven by a drop in the number of expatriates amid a weaker economic environment, as well as by policies to nationalize the labor force. It noted that the number of expatriates in Kuwait declined by 4% to 3.2 million, while the number of Kuwaiti citizens increased by 2% to 1.5 million in 2020. It added that the number of expatriates accounted for 68.7% of the population in 2020, the lowest share in the past seven years. It pointed out that the number of Kuwaitis under 15 years of age reached about 493,000 individuals, representing a share of 34% of the total population, which reflects the need to create a significant number of jobs in coming years in order to absorb the number of young citizens entering the market. In addition, it said that the number of employed individuals in Kuwait declined by 4.2% in 2020, relative to an increase of 5% in 2019. It added that the number of employed Kuwaitis grew by 2.1% in 2020 relative to a growth of 2.4% in 2019, as the COVID-19 pandemic caused the slowdown by affecting mostly the private sector. In contrast, it indicated that the number of employed expatriates declined by 5.2% in 2020 after an increase of 5.4% in the previous year. It said that the number of expatriates working in construction and real estate declined by 13% and 6.3%, respectively. It expected expatriates to continue to leave the country, driven by the proposed changes to the residency law, ongoing nationalization policies, and weaker economic activity.

Source: National Bank of Kuwait

TUNISIA

Sustainability of public debt contingent on fiscal adjustment

The International Monetary Fund projected Tunisia's real GDP to grow by 3.8% in 2021, following an 8.2% contraction in 2020, as it expected domestic demand to recover and activity in most sectors that were hit by the crisis to rebound, despite an anticipated decline in agricultural output due to cyclical factors. It said that the outlook is subject to significant downside risks from the uncertainties about the evolution of the pandemic and the timing of the vaccination. It expected the medium-term outlook to depend critically on the future path of fiscal policy and structural and governance reforms. Also, it anticipated the current account deficit at 9.5% of GDP this year, due to higher imports; and forecast foreign currency reserves to reach $8.4bn at end-2021. Further, it projected the fiscal deficit to narrow to 10% of GDP in 2021 in case of a lower wage bill and reduced energy subsidies. The Fund called on authorities to adopt a plan to reform state-owned enterprises (SOEs) in order to reduce fiscal and financial risks, and urged the government to avoid the monetization of the fiscal deficit. In parallel, Moody's Investors Service downgraded Tunisia's long-term foreign- and local-currency issuer ratings from 'B2' to 'B3' and maintained the 'negative' outlook on the ratings. It attributed the downgrade to the country's weakening governance, and to rising social constraints that limit the government's flexibility to implement a fiscal adjustment that would put the public debt on a sustainable path. It forecast the debt level at nearly 90% of GDP at end-2021 due to wide fiscal deficits, and to slightly increase in the next few years. It expected the affordability of the debt stock to decline amid increasing borrowing costs. It added that outstanding guarantees to SOEs exceeded 15% of GDP in 2020, which pose contingent liability risks to the debt level.

Source: IMF, Moody's Investors Service

GHANA

Energy liabilities pose risks to debt sustainability

Fitch Ratings expected Ghana's public debt to continue to increase in 2021 and 2022, and to reach 75% of GDP by 2024. It noted that the public debt level could stabilize by 2024 in case of a stronger-than-expected fiscal adjustment starting in 2021 or a robust economic recovery. It forecast real GDP growth at 5% in 2021 and at 5% to 6% annually through 2024. However, it said that key risks to the fiscal and debt trajectory include additional COVID-19 related expenditures and the materialization of higher-than-expected liabilities in the energy sector. It pointed out that the Ministry of Finance announced last December that its progress on the Energy Sector Recovery Program included the clearing of $1bn in debt to independent power producers and reaching deals with power-generation companies that could save up to $5bn over an unspecified period of time. It estimated the current unmatched liabilities of the energy sector at between 4% of GDP and 5% of GDP. It expected the government's efforts to clear the arrears of the energy sector to widen the fiscal deficit by more than 1% of GDP each year until 2023. However, Fitch considered that additional liabilities of about $12.6bn could materialize on the government's balance sheet if the authorities' efforts fail. It added that the public debt level would rise to more than 90% of GDP by 2022 in case these risks materialize.

Source: Fitch Ratings

QATAR

Credit expansion and low cost of risk to drive banks' profitability

Goldman Sachs projected the return-on-equity (ROE) ratio of Qatari banks to recover from 13% in 2020 to an average of 16% during the 2021-23 period. It attributed the higher ROE to faster credit growth, a lower cost of risk, and to cost efficiencies. In this context, it expected lending to increase by an annual average of 8% in the covered period, driven by stronger corporate activity after the COVID-19-related slowdown, by the financing of the project related to the expansion of Qatar's liquefied natural gas production, and by improvements in international business activity with Egypt and Turkey. It pointed out that lending expanded by 9% in 2020, mainly due to higher public sector borrowing in response to the pandemic. It forecast lending growth in Qatar to outpace its peers in the GCC, except for Saudi Arabia, driven partly by loans to the public sector. Further, it anticipated the cost of risk to decline by 50 basis points during the 2021-23 period, due to the normalization of the domestic and foreign credit quality of corporates. In addition, it forecast the banks' cost-to-income ratio to improve by 40 basis points in the covered period, driven by tight cost controls and improving revenues. It considered that Qatar National Bank (QNB) is well-positioned to benefit from the increase in infrastructure spending and project financing in the country while QNB and the Commercial Bank of Qatar will benefit from the recent macroeconomic improvement in Turkey, given their sizable exposure to the Turkish market. It noted that Doha Bank is the most exposed to potentially vulnerable sectors, such as real estate and contracting.

Source: Goldman Sachs

EGYPT

Central Bank asks banks to increase lending to SMEs

Regional investment bank EFG Hermes indicated that the Central Bank of Egypt (CBE) asked banks to raise the share of loans extended to small and medium-sized enterprises (SMEs) to 25% of their net loans and credit facilities by the end of 2022 from 20% currently, based on the stock of loans at the end of 2020. It added that the CBE specified that out of the 25% requirement, banks need to allocate 10% of their loans to companies with revenues of EGP20m or less. Further, it pointed out that the CBE allowed banks to use behavioral scoring models as an alternative method for the credit risk assessment of small companies, given that these firms are part of the informal economy and banks face difficulties in assessing them through financial and cash flow statements. It considered that behavioral scoring models can have some drawbacks, given the lack of history for lending to this segment. It added that the CBE required banks to lend to small companies in local currency and to submit on a quarterly basis the non-performing loans ratio on these loans. In parallel, EFG estimated that Qatar National Bank Alahli (QNBA) extended 22.5% of its total loans to SMEs at end-2020, followed by Credit Agricole Egypt (CAE) with a 15% share and the Commercial International Bank (CIB) with 13%. It added that CIB needs to extend EGP14.3bn worth of loans to the meet the CBE's requirement, followed by QNBA with an additional EGP4.1bn and CAE with EGP2.6bn.

Source: EFG Hermes

UAE

Difficult operating conditions for banks in 2021

Fitch Ratings anticipated the operating environment for UAE banks to remain challenging in 2021, due to persisting pressures from the coronavirus pandemic and low oil prices on the economy. As a result, it expected the banks' asset quality to deteriorate, as problem loans will increase once forbearance measures expire, constituting the main threat to the banks' Viability Ratings in the 2021-22 period. It noted that the elevated exposure of UAE banks to the real estate, construction, trade, manufacturing and retail sectors, as well as their significant single-obligor concentrations, increase risks to asset quality. It added that low interest rates, subdued growth in deposits and loans, as well as higher impairment charges, will weigh on the banks' profitability in 2021. Further, it considered that the banks' capital buffers will remain adequate in the short- to medium-terms, given their sound internal capital generation, subdued loan growth, and flexibility in dividend payments. However, it cautioned that pressures on the banks' capital position could emerge in case the prevailing challenging operating conditions persist, and if asset quality and profitability metrics deteriorate. Also, it pointed out that the funding and liquidity positions of UAE banks are stable and are supported by large deposits of government and government-related entities. It added that the banks' "healthy stock" of liquid assets will mitigate liquidity risks from the elevated concentration of deposits. In parallel, Fitch expected the sector to see additional mergers and acquisitions, in case the current operating challenges persist, which would strengthen the banks' financial profiles. It also noted that the banks still have appetite for regional expansion, despite the challenging economic and credit conditions in the region.

Source: Fitch Ratings

JORDAN

Agencies affirm banks' ratings

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Arab Bank at 'BB', and the long-term IDRs of Jordan Islamic Bank (JIB) and Bank of Jordan (BOJ) at 'BB-', with a 'negative' outlook. It also affirmed the Viability Rating (VR) of Arab Bank at 'bb' and the VRs of JIB and BOJ at 'bb-'. It indicated that the banks' IDRs are driven by their standalone credit profiles. It noted that the 'negative' outlook reflects a similar outlook on the sovereign ratings and expectations that pressures on Jordanian banks from the coronavirus pandemic will persist. It said that the banks' VRs reflect their exposure to the challenging operating conditions in Jordan and in the other countries where they operate, which will weigh on their asset quality, profitability and capital position. It added that the banks' VRs are supported in part by their strong domestic franchise, as well as by their solid funding and liquidity positions. In parallel, Capital Intelligence Ratings affirmed at 'B+' the long-term foreign currency ratings (FCRs) of Jordan Kuwait Bank (JKB), Arab Jordan Investment Bank (AJIB) and Investbank. It also affirmed the Bank Standalone Ratings (BSRs) of the three institutions at 'b+'. It indicated that the outlook on all the banks' ratings is 'stable'. It noted that the banks' FCRs are mainly supported by their ample liquidity and sound capital adequacy ratios, but are constrained by their elevated holdings of sovereign debt and the deteriorating operating environment in Jordan and in the other markets where they operate, due to the coronavirus.

Source: Fitch Ratings, Capital Intelligence Ratings

Oversupply in oil market projected at two to four million b/d in 2023-27 period

ICE Brent crude oil front-month prices averaged $62.3 per barrel (p/b) in February 2021, constituting an increase of 13% from $55.2 p/b in January and a rise of 12.3% from $55.5 p/b in February 2020. The level of oil prices in February reflects their near full recovery from the impact of the COVID-19 pandemic and of the oil price war between Saudi Arabia and Russia that erupted in March 2020. However, oil prices declined from $67 p/b on February 24, 2021, their peak level since early January 2020, to $62.7 p/b on March 2, before partly recovering to $64.1 p/b on March 3, 2021. The recent fluctuation in prices is mainly due to uncertainties about the possible outcome of the OPEC and non-OPEC meeting on March 4. In this context, the OPEC and non-OPEC alliance could agree on raising oil output, which would weigh on the global oil markets and on prices. In parallel, J.P.Morgan considered that there is no clear consensus between Russia and Saudi Arabia on the level of oil output; while Reuters' oil price poll of 55 industry analysts projected Brent oil prices to average $57 p/b in the first quarter, $58.5 p/b in the second quarter, $59.8 p/b in the third quarter and $60.8 p/b in the fourth quarter of 2021, and for oil prices to average $59.1 p/b in 2021. In parallel, Citi Research forecast a global oversupply in the oil market of about two to four million barrels per day in the 2023-27 period, which would put downside pressure on prices. It considered that global oil market dynamics, along with ongoing discipline and collaboration between OPEC and non-OPEC producers, could keep prices at between $40 p/b and $55 p/b in the medium term.
Source: Citi Research, J.P.Morgan, Refinitiv, Byblos Research

Iraq's oil exports receipts at $5bn in February 2021

Preliminary figures show that Iraq's crude oil exports totaled 83 million barrels in February 2021, constituting a decline of 6.8% from 89 million barrels in January 2021. They averaged 2.96 million barrels per day (b/d) in February compared to 2.87 million b/d in January 2021. Oil exports from the central and southern fields reached 79.1 million barrels in February, while shipments from the Kirkuk fields totaled 3.8 million barrels. Oil receipts stood at $5bn in February, up from $4.8bn in January 2021.
Source: Iraq Ministry of Oil, Byblos Research

Libya's oil and gas receipts at $1.4bn in January

Oil and gas revenues in Libya totaled $1.4bn in January 2021, constituting an increase of 26.4% from $1.1bn in December 2020. In comparison, oil and gas receipts amounted to $1.8bn in January 2020. The recent increase in hydrocarbon receipts was mainly due to the lifting of the blockade of several ports and oil fields in September 2020, as well as to the recovery in oil prices.
Source: National Oil Corporation, Byblos Research

Global steel output up 5% in January 2021

Global steel production reached 163 million tons in January 2021, and increased by 1.3% from 161 million tons in December 2020 and a rise of 4.8% from about 155 million tons in January 2020. Production in China totaled 90.2 million tons and accounted for 55.4% of global output in January 2021. India followed with 10 million tons (6.1%), then Japan with 7.9 million tons (4.8%), the U.S. with 6.9 million tons (4.2%), Russia with 6.7 million tons (4.1%), and South Korea with 6 million tons (3.7%).
Source: World Steel Association, Byblos Research

Base Metals: Zinc prices to average $2,500 per ton in 2021

The LME cash prices of zinc averaged $2,725 per ton in the first two months of 2021, constituting an increase of 21.6% from an average of $2,240 a ton in the first two months of 2020. Prices averaged $2,706 per ton in January and $2,745 a ton in February 2021. They closed at $2,884 per ton on February 22, their highest level since April 2019. Lower inventories, expectations of higher demand for the metal, and improved prospects of a global economic recovery following the rollout of the coronavirus vaccine, contributed to the price increase. In addition, investors' optimism about the ratification of the economic stimulus package in the U.S. and increased buying of metals as a hedge against the global rise in inflation, supported the rise in prices. Zinc prices moderated to $2,767 on March 3, due to a weaker-than-expected growth in China's manufacturing activity in February and to the surge in bond yields that triggered a decline in risk sentiment in global financial markets. In parallel, Fitch Ratings revised upwards its projections for zinc prices from an average of $2,100 per ton to an average of $2,500 a ton for 2021, due to growing Chinese demand for the metal. Further, figures released by the International Lead and Zinc Study Group (ILZSG) show that the zinc market posted a supply surplus of 533,000 tons in 2020 relative to a deficit of 229,000 tons in 2019, as supply grew by 1.2% and demand regressed by 4.4% last year.
Source: Fitch Ratings, ILZSG, Refinitiv

Precious Metals: Gold prices to average $2,049 per ounce in 2021

Gold prices averaged $1,829 per troy ounce in the first two months of 2021, constituting an increase of 16.6% from an average of $1,577 an ounce in the same period last year. The rise in the metal's price is mainly due to accelerating inflation rates, declining real interest rates globally, as well as the uncertainty about the evolution of the COVID-19 pandemic, which have 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 $1,721.1 per ounce on March 3, 2021, its lowest level in over eight months and constituting a decline of 11.6% from a recent high of $1,946.7 an ounce on January 5, 2021, due to a stronger US dollar and high US bond yields. In parallel, Goldman Sachs projected demand for investments in gold to remain strong in 2021, driven by a weaker dollar and a prolonged period of lower near-term interest rates. It also anticipated significantly higher consumer demand for the metal from emerging markets, as it expected economic activity in these markets to recover this year. As such, it forecast prices to rise by 15.7% from an average of $1,771 an ounce in 2020 to an average of $2,049 per ounce in 2021.
Source: Goldman Sachs, 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	-	B3	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	Negative	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-	BB	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 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	-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-Mar-21	No change	06-Apr-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	04-Mar-21	No change	06-May-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	17-Mar-21
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-Mar-21	No change	01-Apr-21
Kazakhstan	Repo Rate	9.00	25-Jan-21	No change	09-Mar-21
Ukraine	Discount Rate	6.50	04-Mar-21	Raised 50bps	15-Apr-21
Russia	Refi Rate	4.25	12-Feb-21	No change	19-Mar-21

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