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Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global healthcare private equity deals down 17% to $66bn in 2020

Bain & Company indicated that global private equity deals in the healthcare sector, or buyout deals, reached $66bn in 2020, constituting a decrease of 17% from $79bn in 2019. It said that healthcare private equity deals accounted for 11.1% of global private equity transactions last year. It noted that the amount of healthcare deals in 2020 was the third highest since 2006 and exceeded the five-year average of $49bn between 2015 and 2019, but it pointed out that the average size of healthcare deals dropped from $686m in 2019 to $296m in 2020 partly due to the lack of large transactions. It noted that the number of healthcare buyout deals reached 380 in 2020, constituting an increase of 21% from 313 transactions in 2019, in contrast to the number global private equity deals that regressed by 14% in 2020. The amount of disclosed healthcare deals in North America reached $34.7bn in 2020 and accounted for 52.6% of global private equity healthcare transactions, followed by Asia-Pacific with $16.9bn (25.6%) and Europe with $14bn (21.2%). Also, the amount of healthcare deals in Europe and North America dropped by 29% and 25% respectively, while the amount of disclosed deals in Asia-Pacific surged by 53.6% in 2020. The number of private equity buyout deals in the healthcare sector reached 156 in Asia-Pacific, 142 in North America and 75 in Europe, while the rest of the world accounted for the remaining seven deals. Further, Bain said that the top 10 largest healthcare buyout deals amounted to $26.6bn and accounted for around 40% of the total in 2020.

Source: Bain & Company

MENA

Mobility in Arab world higher than global trends

The Boston Consulting Group's survey of 209,000 persons from 190 countries about global talent in 2020 shows that 94% of respondents in Sudan and a similar share in the United Arab Emirates said that they are already working abroad or are willing to move to a different country for work, followed by 93% of respondents in Qatar, 92% in Tunisia, 90% in Yemen, 85% in Morocco, 83% in Algeria, 68% in Egypt, and 53% in Saudi Arabia. The share of respondents who said that they are already working abroad or who are willing to relocate declined by 41 percentage points (ppts) in Saudi Arabia from the 2018 survey, by 24 ppts in Egypt, by 4 ppts in Qatar, by 3 ppts in Sudan, as well as by one ppt in the UAE and in Algeria, while it increased by 10 ppts in Yemen, by 5 ppts in Morocco, and by one ppt in Tunisia. In comparison, 50.4% of the survey's participants worldwide said that they are already working abroad or are willing to relocate for work, compared to 57% in the 2018 survey and 63.8% in the 2014 survey. In parallel, the survey shows that Canada is the top destination for people to relocate for work, followed by the United States, Australia, Germany and the United Kingdom. On a city level, 18% of respondents around the world stated that they are willing to move to London for work, followed by Amsterdam (15%), Dubai (14%), Berlin (13%) and Abdu Dhabi (11%), with Dubai and Abu Dhabi the only Arab cities among the top 30 destinations globally.

Source: Boston Consulting Group

IPOs down 94% to $1.9bn in 2020

Figures released by EY indicate that capital raised through initial public offerings (IPOs) in the Middle East & North Africa (MENA) region totaled $1.86bn in 2020 and decreased by 94.4% from $33.1bn in 2019. There were nine IPOs in the region in 2020 relative to 15 public listings in 2019. The sharp decline in capital raising last year came from a high base in 2019, due to the listing of Saudi Aramco on the Saudi Stock Exchange, Tadawul, in December 2019, which became the world's largest IPO. Further, there were four IPO deals that raised $814m in the first quarter of 2020, one deal that brought in $116m in the third quarter and four public listings that raised $925m in the fourth quarter. The coronavirus-related lockdown measures across the region deterred any listings in the second quarter of the year. Capital raised through IPOs in the MENA region accounted for 0.7% of the total capital raised through IPOs worldwide in 2020, while the number of IPO deals in the region also represented 0.7% of the number of global listings. Saudi Arabia's Tadawul accounted for four listings that raised $1.45bn, or 78% of the capital raised through IPOs in the region in 2020. The listing of Dr. Sulaiman Al-Habib Medical Services Group Company on Tadawul brought in $701m in the first quarter of 2020, constituting the largest IPO in the MENA region last year. The floatation of BinDawood Holding's shares, one of the largest grocery chains operators in Saudi Arabia, followed with $584m in capital raised in the fourth quarter of last year. In parallel, there were six IPOs in the real estate sector, and one deal in each of the healthcare, consumer staples and insurance sectors in 2020.

Source: EY

Work-from-home environment varies across region for "digital nomads"

The United Kingdom-based technology firm CircleLoop ranked the United Arab Emirates in 31st place among 85 countries worldwide and in first place among nine Arab countries on its Digital Nomad Index (DNI) for 2021. Kuwait followed in 49th place, then Saudi Arabia (57th), Morocco (72nd), Bahrain (74th), Lebanon (75th), Tunisia (77th), Egypt (78th), and Algeria (79th). The firm launched the index in 2021 to evaluate how suitable a country is for "work-from-home" for non-residents, and measures the attractiveness of a country to "digital nomads". The index is based on eight indicators that consist of a country's average speed for fixed broadband and mobile Internet, its average monthly cost of fixed broadband, the availability of working holiday visas, the average rental cost for a one-bedroom apartment, its scores on the World Happiness Index, the average annual number of online searches for remote jobs per country, as well as the acceptance level of migrants. In parallel, the Arab region's average score stood at 39.76 points compared to the global average score of 49.12 points. It was lower than the average score of North America (61.8 points), Europe & Central Asia (55.2 points), East Asia & Pacific (50 points), and Latin America (44.6 points), but came higher than the average scores of South Asia (35 points) and of Sub Saharan Africa (34.4 points). The Gulf Cooperation Council (GCC) countries had an average score of 46.6 points, while the score of non-GCC Arab countries averaged 34.3 points.

Source: CircleLoop

OUTLOOK

WORLD

Pandemic to continue to pose significant credit risks to sectors and sovereigns

Moody's Investors Service expected that it will take a lower number of negative rating actions in 2021 than in 2020, as it considered that the current ratings and outlooks on sovereign and corporate issuers incorporate the broad impact of the COVID-19 pandemic and the related fiscal and monetary policy support measures. However, it indicated that the COVID-19 pandemic continues to pose significant credit risks for many sectors and issuers that it rates, especially to sectors that are vulnerable to restrictions on their normal activities such as airlines. Still, it considered that, in the absence of near-term refinancing requirements, these risks could take a longer period of time to materialize than in previous credit cycles. It said that renewed downward pressure on the ratings would materialize in the event of a significant shock to the global economy or to financial markets, or a significant change in the trajectory of the virus.

Further, it anticipated the pandemic-related credit downturn to be relatively short-lived, and expected the peak of the global speculative-grade corporate default rate to be lower than in past crises. It noted that the speculative-grade corporate default rate reached 6.8% at the end of 2020 and regressed to 3.9% by the end of February 2021, compared to a peak of 13.3% in September 2009. It said that the swift and significant monetary policy response in most countries around the world has helped limit defaults in the current crisis, but it noted that default rates will remain elevated in sectors such as hotels, gaming and leisure, retail, as well as the automobile sector in the United States.

In parallel, it noted that debt metrics at the sovereign and corporate levels increased in 2020 due to the pandemic. It expected the governments' debt levels to continue to rise in 2021 in order to provide support to the economic recovery. It said that the rise in the debt levels poses significant medium-term risks, but it did not anticipate a renewed increase in debt defaults in the near term.

Source: Moody's Investors Service

AFRICA

Real GDP to grow by 3.4% in 2021, outlook subject to elevated uncertainties

The African Development Bank Group (AfDB) projected Africa's real GDP to grow by 3.4% in 2021, after contracting by 2.1% in 2020 due to the fallout from the coronavirus pandemic. It attributed the region's economic recovery to the easing of pandemic-related restrictions, the anticipated resumption of tourism activity, and the increase in commodity prices. It noted that the economic impact of the pandemic varies across economic groupings and sub-regions, but anticipated the rebound in activity to be broad-based. As such, it forecast real GDP to expand by 6.2% in 2021 in tourism-dependent economies, by 3.1% in oil-exporting countries and in other-resource-intensive economies, and by 4.1% in non-resource-intensive countries. Also, it expected economic activity in North Africa to grow by 4% this year, followed by Central and Southern Africa (+3.2% each), East Africa (+3%), and West Africa (+2.8%). It pointed out that risks to outlook are tilted to the upside and include the effective deployment of coronavirus vaccines, sustained fiscal stimulus, and continued efforts to accelerate digitalization. However, it noted that the outlook is subject to high uncertainties and downside risks such as new waves of coronavirus infections, elevated debt levels, a slower-than-anticipated recovery in tourism and remittance flows, lower-than-expected commodity prices, financial market volatility, as well as extreme weather events and a rise in domestic conflicts.

Moreover, it estimated the region's fiscal deficit to have doubled to a record high of 8.4% of GDP in 2020, which led to an increase in public debt. It expected African authorities to start a gradual fiscal consolidation in 2021. Still, it projected the region's debt-to-GDP ratio to grow by 10 to 15 percentage points by the end of 2021, after it stabilized around 60% in the 2017-19 period. It cautioned that the rising share of commercial debt in Africa and the high share of African debt denominated in foreign currency are weighing on debt sustainability. In parallel, it forecast the region's current account deficit to narrow from 5.5% of GDP in 2020 to 4.1% of GDP in 2021, mainly due to the rebound in the exports of key commodities and to lower demand for imports.

Source: African Development Bank

GCC

Higher oil prices to improve fiscal and external balances, reduce borrowing needs

Goldman Sachs indicated that a sustained increase in oil prices would significantly impact the fiscal balance of the Gulf Cooperation Council (GCC) countries. It noted that GCC governments prepared their budgets based on conservative average oil price assumptions that range from $40 p/b in Qatar to $50 p/b in Bahrain. As such, it anticipated that an increase in oil prices to an average of $65 p/b would narrow the projected fiscal deficit in Kuwait from 28% of GDP to 13.2% of GDP in 2021, shift the fiscal balance in Qatar from a deficit of 5% of GDP to a surplus of 5% of GDP, and expand the fiscal surplus in the UAE from 0.3% of GDP to 4.3% of GDP. It also said that the fiscal deficit would narrow from 7.1% of GDP to 4.2% of GDP in Oman and from 4.9% of GDP to 3.2% of GDP in Saudi Arabia in 2021.

In parallel, it estimated the cumulative borrowing requirements of GCC economies to slightly exceed $270bn in the next three years, assuming an average oil price of $45 p/b. It considered that governments will finance this gap by drawing down foreign currency reserves and by tapping international debt markets. It forecast the borrowing needs of GCC economies to decline to less than $10bn in case oil prices average $65 p/b, which would reduce the region's reliance on international debt markets and support the balance sheets, creditworthiness and bond valuations of the sovereigns. However, it pointed out that this analysis does not take into account the potential for GCC sovereigns to utilize at least part of the resulting fiscal space to increase spending.

In addition, it indicated that higher oil prices would support the external outlook of GCC economies. It estimated that a $10 p/b increase in oil prices would improve by nine percentage points of GDP the current account balance of Kuwait, and by between four and six percentage points the current account balance of Oman, Saudi Arabia and Qatar, while Bahrain and the UAE have lower sensitivity to oil prices.

Source: Goldman Sachs

ETHIOPIA

Ratings placed on review for possible downgrade

Moody's Investors Service placed Ethiopia's 'B2' long-term issuer and senior unsecured ratings on review for possible downgrade. It affirmed the long-term local currency and foreign currency ceilings at 'Ba3' and 'B2', respectively. It attributed its decision to place the ratings on review for downgrade to the increased risks that private creditors could incur losses, following the government's decision to sign a Memorandum of Understanding (MoU) that requires it to engage with private creditors under the Group of 20 (G20) Common Framework for debt relief. However, it said that the risk level to private creditors is still unclear, as the decision for a comparable treatment of official and private-sector lenders will ultimately rest with official creditors. As such, it noted that the G20 creditor committee, rather than the Ethiopian government, will determine the size of the necessary debt relief and its allocation across various creditor classes. Further, it indicated that the International Monetary Fund highlighted downside risks to Ethiopia's fiscal and external position, as it noted that government revenues are equivalent to 12% of GDP and foreign currency reserves cover less than three months of imports. However, the agency considered that receipts from asset sales through the partial privatization of Ethio Telecom and the auctioning of spectrum licenses could increase foreign currency reserves and ease the pressure on the exchange rate. But it said that the timetable for these proceeds is uncertain. In addition, it noted that domestic political risks remain elevated, with heightened tensions in the northern region of the country, which could have implications on funding from the donor community.

Source: Moody's Investors Service

GHANA

Fiscal deficit at 9.5% of GDP in 2021

Barclays Capital indicated that the Ghanaian government's budget for 2021 is targeting a fiscal deficit of 9.5% of GDP, and expected it to narrow by about two percentage points (ppts) annually over the medium term and to reach 4.5% of GDP in 2024. It indicated that the authorities' fiscal consolidation efforts include containing public spending and widening the country's tax base. It said that authorities are projecting public spending at an elevated 26% of GDP this year due to coronavirus-related expenditures. However, it did not expect the authorities' efforts at fiscal consolidation to be sustainable without first addressing the public sector wage bill, which it anticipated to rise by 10% annually in the 2021-23 period. It noted that debt servicing reached 6.4% of GDP in 2020 due to additional borrowing for pandemic-related spending, and expected it at 7.8% of GDP in 2021. In parallel, Barclays projected public revenues at 16.5% of GDP in 2021 relative to the authorities' forecast of 16.7% of GDP, supported by newly-introduced fees and an increase in the value-added tax rate. As such, it projected the fiscal deficit at 9.3% of GDP this year, in case of higher donor support and favorable financing conditions, and at 7.2% of GDP in 2022 if authorities step up efforts to address tax evasion. It anticipated the government to finance the fiscal deficit through a combination of domestic and international funding. Further, it forecast the public debt level to peak at 84.5% of GDP at the end of 2021, and expected it to reach 77% of GDP at end-2024 in case of narrower fiscal deficits.

Source: Barclays Capital

JORDAN

Fiscal consolidation to resume in 2021

S&P Global Ratings indicated that the COVID-19 outbreak has weighed on Jordan's economy, but that the authorities' timely containment measures, along with fiscal and monetary stimulus, have prevented a more significant downturn. It expected the economy to recover gradually, due to the pandemic's sustained effects on external demand, mainly for tourism services. As such, it projected real GDP growth at 2% annually in the 2021-22 period, and forecast it to accelerate to 3% in the 2023-24 period, supported by policy measures to increase foreign investments in the energy, healthcare, transport, and education sectors, as well as to boost the role of the private sector in supporting growth. In parallel, the agency expected authorities to resume fiscal consolidation in 2021, mainly by broadening the tax base and adjusting public expenditures. It anticipated donor funding to allow for some fiscal room in case of slippages, as well as to continue to support the government's financing needs. As such, it projected the fiscal deficit to narrow from 5.8% of GDP in 2020 to 1.8% of GDP in 2021, and forecast the fiscal balance to shift to a surplus in 2023. It projected the public debt level to rise from 94% of GDP at the end of 2021 to a peak of 94.6% of GDP at the end of 2022, and to start declining thereafter. It anticipated contingent liabilities of public sector entities to materialize on the central government's balance sheet, in case authorities fail to address them. Also, it forecast the country's external debt position to continue to deteriorate, with net external debt rising from 41% of current account receipts at the end of 2019 to 86% at end-2023.

Source: S&P Global Ratings

ANGOLA

Household spending to recover in 2021

Fitch Solutions projected economic activity in Angola to grow by 1.7% in 2021 relative to a contraction of 4.4% in 2020 that was due to the impact of the COVID-19 pandemic on the economy. It expected the economic recovery to help reduce the unemployment rate from an estimated 8.6% of the labor force in 2020 to 7.5% in 2021. It anticipated the decline in the unemployment rate to support household income. It forecast household spending to grow by a real rate of 1.8% in 2021 relative to a contraction of 3.4% in 2020. It said that major consumer spending categories, such as food & drinks, clothing & footwear, and restaurants & hotels, posted double-digit growth rates in 2020, due to a rise in the inflation rate to an average of 22.2% in 2020. But it forecast the inflation rate to decrease to an average of 18% in 2021, which will provide some relief to consumers and support demand. It projected spending on alcoholic drinks and tobacco to increase by a nominal 26% in 2021, followed by spending on furniture (+24.4%), recreation and clothing & footwear (+24.2% each), restaurants & hotels (+23.4%), and food & non-alcoholic drinks (+15.5%). It said that the risk of tighter COVID-19 restrictions will persist until the majority of Angola's population is vaccinated. It anticipated that Angola will trail most countries worldwide in providing vaccines to its wider population and added that authorities aim to vaccinate 20% of the population by the end of July 2021. It considered that renewed lockdowns, delays in the vaccine's rollout, and the easing of government support represent risks to the economic outlook in 2021.

Source: Fitch Solutions

SAUDI ARABIA

Corporate and mortgage lending to support credit growth in 2021-22 period

S&P Global Ratings expected credit growth in Saudi Arabia to slow down in 2021, but to remain strong in the 2021-22 period. It said that the banks' lending accelerated in 2020, driven by a rise in mortgages and in credit to small and medium-sized enterprises. It anticipated the ongoing increase in mortgages and the rebound in corporate lending to support the banking sector's credit expansion in the 2021-22 period. It attributed the increase in corporate lending to the Public Investment Fund's projects that will create business opportunities for contractors. In parallel, it projected the banks' cost of risk to remain elevated at around 120 basis points in 2021, as the Saudi Central Bank will lift its forbearance measures, while the ongoing coronavirus-related uncertainties and restrictions will continue to limit economic activity. In addition, it expected the low interest rate environment and the elevated cost of risk to weigh on the profitability of Saudi banks in the 2021-22 period, despite their increasing reliance on the high-return retail segment. It anticipated the return on assets of Saudi banks to outperform their regional peers despite the expected decline in their profitability, given the strong growth in mortgages and the modest impact of the coronavirus on their asset quality. Further, it forecast the capitalization of the Saudi banks that it rates to remain solid in the covered period. S&P anticipated the ratings of Saudi banks to be stable in the next 12 to 24 months, as it expected the size of the Kingdom's economy, the conservative banking regulations, and the banks' low risk appetite prior to 2020 to help them face the challenges in the 2021-22 period.

Source: S&P Global Ratings

OMAN

Agency takes rating actions on five banks

Capital Intelligence Ratings (CI Ratings) downgraded the long-term Foreign Currency Ratings (FCRs) of Bank Muscat, the National Bank of Oman (NBO), Oman Arab Bank (OAB) and Ahli Bank from 'BB+' to 'BB'; while it raised the long-term National Scale Rating of Alizz Islamic Bank from 'omA-' to 'omAA'. In addition, it downgraded from 'bb+' to 'bb' the Bank Standalone Rating (BSR) of Bank Muscat and affirmed at 'bb' the BSRs of NBO, OAB, and Ahli Bank. It also kept the outlook on all the ratings at 'negative'. The agency indicated that the downgrades of the ratings of Bank Muscat, NBO, OAB and Ahli Bank follow its similar action on Oman's sovereign ratings after the agency's recent decision to lower the government's issuer ratings from 'BB+' to 'BB'. In parallel, it attributed the upgrade of Alizz Islamic Bank's national rating to the recalibration of the National Rating Scale of Oman following its downgrade of the sovereign's issuer ratings. But it pointed out that the lifting of the bank's national rating does not indicate an improvement in its credit metrics. The agency noted that the difficult operating environment, the anticipated modest economic growth, as well as the rising asset quality risks resulting from the Central Bank of Oman's forbearance measures, will weigh on the financial profiles of Omani banks. It said that Omani bank, with the exception of OAB and Alizz Islamic Bank, face tight liquidity levels. It added that Bank Muscat, NBO and OAB have a high level of non-impaired loans with a significant increase in credit risk, or Stage 2 loans.

Source: Capital Intelligence Ratings

MAURITANIA

NPLs ratio at 26% in September 2020, capital adequacy ratio at 21%

The International Monetary Fund indicated that the Banque Centrale de Mauritanie (BCM) supported the country's financial system by encouraging banks to suspend dividend payments, reassess their credit portfolio, and monitor the impact of the pandemic on credit quality. It noted that banks are well capitalized, but that the sector's risk-weighted capital adequacy ratio stood at 20.7% in September 2020, down from 25.3% at the end of 2019. It added that growth in private sector lending decelerated from 12.8% in 2019 to 7.2% in September 2020. In parallel, the Fund indicated that the banks' non-performing loans (NPLs) ratio stood at 25.8% at the end of September 2020, up from 21.5% at end-2019; while the banks' provisions to gross NPLs excluding accrued interest declined from 76.1% at end-2019 to 71% at the end of September 2020. Further, it noted that the BCM reduced reserve requirements for banks from 7% to 5% in March 2020 to mitigate the impact of the COVID-19 outbreak. However, it pointed out that the BCM raised the requirement to 6% in December 2020 in order to address the potential risks from a surge in liquidity. It added that the banks' aggregate liquid assets represented 25.7% of total assets in September 2020 relative to 21% at the end of 2019, while the private sector's loans-to-deposits ratio reached 90.7% in September 2020 compared to 94.7% at the end of 2019. Also, the IMF indicated that the BCM temporarily allowed banks to breach the minimum liquidity coverage ratio of 100% and set the new minimum at 80%. It added that authorities are planning to adopt International Financial Reporting Standards by the end of 2021.

Source: International Monetary Fund

ARMENIA

Tier One capital of banks up 10% to $1.42bn

In its 2020 survey of the Top 100 commercial banks in the Commonwealth of Independent States region, *The Banker* magazine included 16 banks operating in Armenia on the list. The rankings are based on the banks' Tier One capital at the end of 2019, as defined by the Basel Bank of International Settlements. The aggregate Tier One capital of Armenian banks totaled $1.42bn at the end of 2019, constituting an increase of 10.4% from $1.28bn at end-2018. Ameriabank had a Tier One capital of $194m, equivalent to 13.7% of the aggregate Tier One capital of the 16 banks at the end of 2019. Ardshinbank followed with $146m (10.3%), then ACBA Credit Agricole Bank with $116m (8.2%), IDBank with $90m (6.4%), and ArmSwissBank with $88m (6.2%). As such, the aggregate Tier One capital of the top five Armenian banks stood at $634m at the end of 2019. Also, the aggregate assets of the 16 banks reached $11.86bn at the end of 2019, up by 18% from $10.04bn at the end of 2018. As a result, the combined Tier One capital-to-assets ratio of the banks was 12% at the end of 2019 relative to 12.8% a year earlier. Also, the cumulative pre-tax profits of the banks was $195m in 2019 and increased by 33% from $146.7m in 2018. As a result, the ratio of pre-tax profits-to-Tier One capital of the Armenian banks reached 13.8% in 2019 compared to 11.4% in 2018.

Source: The Banker

Oil prices at $75 p/b in second quarter of 2021

ICE Brent crude oil front-month prices have been trading at between $68 per barrel (p/b) and $69 p/b in the past week. They reached $69.6 per barrel (p/b) on March 11, their highest level since May 2019, driven by the OPEC and non-OPEC extension on supply cuts, and optimism about a recovery in oil demand in the second half of 2021 with the wider rollout of the COVID-19 vaccine. Also, the weakening of the US dollar supported oil prices, as concerns of an increase in the inflation rate in the U.S. eased. In parallel, Goldman Sachs expected downside risks to oil prices to remain low, as it did not anticipate a significant increase in oil output from the U.S., Iran and non-OPEC suppliers until the second half of the year. It considered that OPEC's supply strategy is succeeding in raising oil prices steadily, as it has been unpredictable and swift. It noted that this strategy is making it harder for other producers to plan ahead based on projections for oil prices and supply. It added that OPEC's supply cuts before 2020 were predictable and not steep enough, which made them less effective. It considered that the OPEC and non-OPEC alliance is aiming for a tighter oil market, which could further raise prices. As such, it forecast oil prices to average $75 p/b in the second quarter and $80 p/b in the third quarter of 2021. It expected oil prices to average $75 p/b in the fourth quarter of the year, given the potential for higher oil supply and slowing growth in oil demand.

Source: Goldman Sachs, Refinitiv, Byblos Research

ME&A's oil demand to expand by 4.4% in 2021

Consumption of crude oil in the Middle East & Africa is expected to average 12.2 million barrels per day (b/d) in 2021, which would constitute an increase of 4.4% from 11.69 million b/d in 2020. The region's demand for oil would represent 23.6% of demand in non-OECD countries and 12.7% of global consumption this year.

Source: OPEC

Libya's oil and gas receipts at $2.6bn in first two months of 2021

Libya's oil and gas revenues totaled $2.6bn in the first two months of 2021, constituting an increase of 13.8% from $2.3bn in the same period of 2020. Oil and gas receipts amounted to $1.2bn in February 2021, constituting a decrease of 12.3% from $1.4bn in the preceding month and a surge of 122.4% from $555.5m in February 2020. The year-on-year increase in Libya's hydrocarbon receipts was mainly due to the lifting of the blockades of several ports and fields in September 2020, as well as to the recovery in oil prices.

Source: National Oil Corporation, Byblos Research

Egypt's natural gas output to reach 7.2 billion cubic feet per day in FY2021/22

Egypt's Ministry of Petroleum and Mineral Resources indicated that the country plans to expand its natural gas production to 7.2 billion cubic feet per day in the fiscal year that ends in June 2022. In comparison, Egypt's natural gas output averaged about 6.6 billion cubic feet per day in 2020. In parallel, the Egyptian Natural Gas Holding Company signed nine agreements to drill 18 exploration wells, with total investments of $981m. Egypt became self-sufficient in terms of gas production at end-September 2018.

Source: Refinitiv, Byblos Research

Base Metals: Aluminum prices to average $2,300 per ton in near term

The LME cash price of aluminum averaged $2,040 per ton in the first two months of 2021 and increased by 17.6% from an average of $1,734 a ton in the same period last year, with prices reaching $2,237 per ton on February 25, their highest level since June 2018. Improved prospects of a global economic recovery, investors' optimism about the ratification of the economic stimulus package in the U.S., and the surge in the purchase of metals as a hedge against the global rise in inflation, contributed to the increase in aluminum prices in the covered period. Also, aluminum prices averaged $2,167 per ton between March 1 and March 17, and closed at $2,194 a ton on March 17, 2021. Concerns about supply tightness amid production cuts in China, the world's largest producer of the metal, kept prices elevated in March. The Chinese city of Baotou in Inner Mongolia, which is a major aluminum producing hub, announced shutdowns and production curtailment at industries that consume a large amount of energy in order to meet its energy efficiency targets for the first quarter of the year. As a result, Citi Research raised its price forecast for aluminum for the coming three months from $2,200 per ton to $2,300 a ton. It said that the supply cuts in Inner Mongolia led to tightness in the Chinese aluminum physical market, given the seasonally growing demand for the metal in the country.

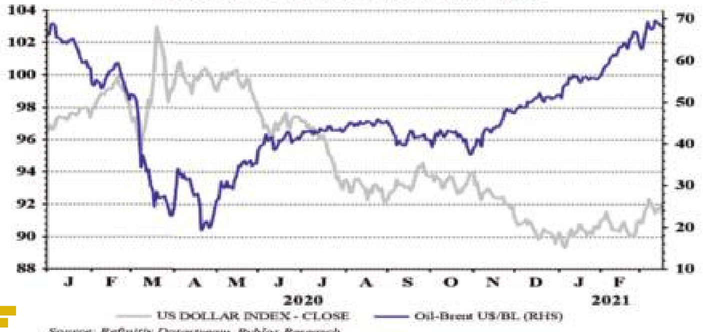
Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Platinum prices up 23% in year-to-March 17 period

Platinum prices averaged $1,155 per troy ounce in the year-to-March 17, 2021 period, constituting an increase of 22.6% from an average of $942 an ounce in the same period of 2020, with prices reaching a six-year high of $1,294 per ounce on February 19 of this year. A weaker dollar, higher inflation rates, and declining real interest rates globally drove the rise in the metal's price and reinforced the appeal of platinum as a hedge against inflationary pressures. Also, expectations that the anticipated economic recovery would boost demand for platinum in industrial and global automotive production supported the metal's price. In parallel, Citi Research projected total refined supply of platinum at 6.4 million ounces in 2021 relative to a previous forecast of 6.5 million ounces as it expected lower output from Russia. Also, it forecast demand for the metal to remain unchanged at nearly 5.6 million ounces and for investment into platinum-backed exchange-traded funds to total 476,000 ounces this year. As such, it expected the surplus in the platinum market at 269,000 ounces in 2021 relative to a previous forecast of 418,000 ounces. As a result, Citi revised its forecast for platinum prices from $1,200 per ounce to $1,300 an ounce for the next three month.

Source: Citi Research, Refinitiv, Byblos Research

Brent Oil Prices vs. U.S. Dollar Index



Source: Refinitiv Datastream, Byblos Research

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

** Current account payments*
*** CreditWatch with negative implications*
****Review for Downgrade*
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	17-Mar-21	No change	28-Apr-21
Eurozone	Refi Rate	0.00	11-Mar-21	No change	22-Apr-21
UK	Bank Rate	0.10	18-Mar-21	No change	06-May-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	10-Mar-21	No change	21-Apr-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	18-Mar-21	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	19.00	18-Mar-21	Raised 200bps	15-Apr-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	2.75	17-Mar-21	Raised 75bps	05-May-21
Armenia	Refi Rate	5.50	16-Mar-21	No change	04-May-21
Romania	Policy Rate	1.25	15-Mar-21	Cut 25bps	12-May-21
Bulgaria	Base Interest	0.00	01-Mar-21	No change	01-Apr-21
Kazakhstan	Repo Rate	9.00	09-Mar-21	No change	26-Apr-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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