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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

More than 54% of rated sovereigns have investment-grade rating

S&P Global Ratings indicated that 54.1% of the sovereigns that it rates had an investment grade rating as of March 31, 2021, relative to a low of 51.5% in June 2017 and a high of 55.8% at the end of 2014. It said that the number of sovereigns rated in the 'B' category or lower accounted for 34.1% of total rated sovereigns, unchanged from end of 2020 and compared to 33.3% in June 2020. It noted that the global average sovereign credit rating declined from about 'BBB' at the end of 2009 to 'BBB-' in March 2021, while the average sovereign rating, weighted by GDP, declined from about 'AA-' to 'A+' over the same period of time. In parallel, S&P noted that the number of sovereigns with a 'negative' outlook decreased from 27 at end-2020 to 23 sovereigns at end-March 2021, while the number of sovereigns carrying a 'positive' outlook on their ratings declined from only one sovereign to none. It added that the number of sovereigns with a 'stable' outlook increased from 103 at end-2020 to 108 at end-March 2021. In parallel, it indicated that 10 sovereigns in the Europe, the Middle East and Africa region (EMEA), nine countries in the Americas and four sovereigns in Asia Pacific had a 'negative' outlook on their ratings. Further, it said that 71 sovereigns in EMEA, 20 countries in the Americas, and 17 sovereigns in Asia Pacific carried a 'stable' outlook on their ratings.

Source: S&P Global Ratings

M&A deals in healthcare sector at $339bn in 2020

Bain & Company indicated that global merger and acquisition (M&A) deals in the healthcare sector reached $338.6bn in 2020, constituting a decrease of 37% from a record high of $541bn in 2019. It noted that M&A transactions that exceeded $5bn accounted for 42% of the aggregate deal amount, which meant that M&A deals were less concentrated, while transactions that were lower than $5bn represented the remaining 58%, the largest share since 2016. It added that North America was the most active region representing 80% of the value of M&As, while Biopharma was the most active company in the sector with M&A deals worth $226.4bn last year. Further, it said that the biggest two mergers in 2020, which amounted to $40.1bn and $20.9bn, respectively, were significantly lower than the largest two transactions in 2019 that reached $74bn and $63bn, respectively. In parallel, it pointed out that the number of M&A deals in the healthcare sector declined by 9% to 2,845 transitions in 2020. It added that the number of deals in North America totaled 1,175 deals or 41.3% of the aggregate number of deals, with Biopharma completing 998 M&A deals and accounting for 35% of the total. It noted that companies put on hold several M&A deals in 2020 due to the outbreak of the COVID-19 pandemic.

Source: Bain & Company

MENA

Cost of mobile data varies sharply in Arab world

The Worldwide Mobile Data Pricing survey published by Cable.co.uk shows that Yemen had the highest cost of mobile data among 20 Arab countries and the 11th highest among 230 countries worldwide in 2021. The UAE (26th), Syria (31st), Mauritania (43rd) and Lebanon (49th) followed as the Arab countries with the highest cost for one gigabyte (1GB) of mobile data; while Morocco (186th), Kuwait (193rd), Libya (201st), Algeria (215th) and Sudan (226th) had the lowest cost of 1GB of mobile data regionally in 2021. The survey noted that the cost of buying 1GB of mobile data averaged $15.98 per month in Yemen in 2021, while the average price reached $0.27 per month in Sudan. In parallel, the average cost of 1GB of mobile data in the Arab region stood at $3.04 per month, which is lower than the global average of $4.07, as well as the regional averages of North America ($9.62), of Sub-Saharan Africa ($5.58), of Latin America & the Caribbean ($3.4), and of East Asia & the Pacific ($3.08). In contrast, the Arab region's average cost of 1GB of mobile data per month was higher than the average price in Europe & Central Asia ($2.73) and in South Asia ($0.96). Also, the average cost of 1GB of mobile data in GCC countries stood at $2.89 per month in 2021, while prices in non-GCC Arab countries averaged $3.1 per month. Cable.co.uk compiled the figures from 6,148 mobile data plans across the world between December 8, 2020 and February 25, 2021.

Source: Cable.co.uk, Byblos Research

GCC

Corporate earnings down 39% to $91.3bn in 2020

The net income of listed companies in the Gulf Cooperation Council (GCC) countries reached $91.3bn in 2020, constituting a drop of $59.2bn, or of 39.3%, from $150.5bn in 2019. The decline in earnings was mainly due to the decrease by $38.9bn, or 44.1%, in the profits of Saudi Aramco. The firms' net earnings totaled $26.1bn in first quarter, $13.7bn in the second quarter, $25.4bn in the third quarter, and $25bn in the fourth quarter of 2020. Listed companies in Saudi Arabia generated $64.3bn, or 70.4% of total corporate earnings in 2020, followed by listed firms in Abu Dhabi with $10.2bn (11.2%), Qatar with $8.6bn (9.4%), Dubai with $3.8bn (4.2%), Kuwait with $2.3bn (2.5%), Oman with $1.4bn (1.5%), and Bahrain with $700m (0.8%). Further, the earnings of listed firms in Bahrain decreased by 66% from 2019, followed by listed companies in Dubai (-64%), Kuwait (-61.6%), Saudi Arabia (-40.6%), Qatar (-20.5%), Oman (-18.6%), and Abu Dhabi (-7.4%). In parallel, the earnings of listed firms in the GCC energy sector reached $49.3bn and accounted for 54% of total corporate earnings in 2020, followed by the profits of listed banks with $23.8bn (26.1%), telecommunications firms with $7.5bn (8.2%), utilities firms with $2.4bn (2.6%), the real estate sector with $1.9bn (2.1%) food, beverages & tobacco companies with $1.8bn (2%) and the materials sector with $1.3bn (1.4%). The income of listed banks declined by $11.8bn in 2020, followed by the profits of the real estate sector (-$3.1bn), and the materials sector (-$2.5bn). In contrast, earnings of food, beverages & tobacco companies increased by $900m, while the income of utilities firms grew by $500m in 2020.

Source: KAMCO

OUTLOOK

WORLD

Global economic activity to grow by 4.7% in 2021

The United Nations Conference on Trade & Development (UNCTAD) projected global real GDP to grow by 4.7% in 2021, constituting an upward revision of 0.6 percentage points from a previous forecast of an expansion of 4.1%, and relative to a contraction of 3.9% in 2020. It attributed its growth upgrade to the assumption that advanced and middle-income economies will contain the coronavirus and increase vaccination rates, that the authorities will quickly shift to policies that support the economic recovery, and that the world will avoid a global financial crisis. In addition, it expected the increasing vaccination rate in the U.S. and the new fiscal stimulus of $1.9 trillion to result in a recovery of 4.5% in the country's economy in 2021, following a contraction 3.5% in 2020, which, in turn, will support the rebound in global growth. It forecast economic activity in developed countries to expand by 4% in 2021 relative to its previous forecast of 3.1%, while it expected real GDP in developing economies to grow by 5.8% in 2021 compared to an earlier forecast of 5.7%.

It anticipated the global economic recovery to be uneven across countries, and said that it is subject to high uncertainties related to the progress of the pandemic, to policy-making, and to international cooperation. It considered that the main risk to the outlook would be a "misguided" return to austerity measures following the steep contraction in economic activity. It considered that the implementation of austerity measures, the erosion of the countries' institutional capacity and policy space, along with fractured labor markets and deregulated financial markets, undermine the resilience of economies and the fiscal space of governments. It pointed out that the global economy will need to recover at least $10 trillion in output losses to reach the level it could have reached at the end of 2021 had the pre-pandemic growth trend continued. It expressed concerns about the lack of progress in strengthening international cooperation, the deepening in income inequality and the rising debt levels in developing economies.

Source: UNCTAD

MENA

Economic activity to grow by 4% in 2021, recovery to vary across countries

The International Monetary Fund projected real GDP growth in the Middle East & North Africa (MENA) region at 4% in 2021, following a contraction of 3.4% in 2020. It noted that the recovery paths diverge across the region's economies and depend on the rollout of COVID-19 vaccines, the country's exposure to tourism and to "contact-intensive" sectors, the potential lasting damage caused by the pandemic, as well as on the available policy space and actions. It anticipated countries that started vaccination campaigns at an early stage, such as Gulf Cooperation Council (GCC) countries and Morocco, to reach their 2019 GDP levels by 2022, while it expected the GDP of the remaining MENA countries to recover to pre-pandemic levels by 2022 or 2023. It projected economic activity in the region's oil exporters to expand by 4.8% this year, while it forecast growth at 2.7% in GCC countries. It noted that economic activity in MENA oil exporters will be supported by a recovery in hydrocarbon output in Libya, as well as by a pickup in activity in the second half of 2021. Further, it projected the real GDP of the region's oil-importing economies to expand by 2.3% this year, as the coronavirus will continue to affect the tourism-dependent economies of Jordan, Morocco and Tunisia, while it anticipated the economic recovery in Egypt to be subdued in 2021. It considered that Sudan's progress towards debt relief will support its near-term prospects and boost confidence and activity in the medium term.

Further, the IMF anticipated the fiscal balances of MENA economies to broadly improve this year due to higher public revenues, the expiration of pandemic-related measures, as well as the resumption of fiscal consolidation in countries with elevated public debt levels, such as Egypt, Iraq, Jordan and Oman. It forecast the fiscal deficit in oil importers at 7.6% of GDP in 2021, nearly unchanged from the preceding year due to limited improvement in economic activity; while it expected the deficit in the region's oil exporters to narrow from 10.8% of GDP in 2020 to 5.3% of GDP in 2021 due to a surge in hydrocarbon export receipts. In addition, it forecast the current account balance of the region's oil exporters to shift from a deficit of 2.7% of GDP in 2020 to a surplus of 2.3% of GDP in 2021. In contrast, it projected the current account deficit of oil importers to widen from 4.9% of GDP in 2020 to 5.6% of GDP this year.

Source: International Monetary Fund

GCC

Authorities to prioritize narrower fiscal deficits over economic growth

Deutsche Bank indicated that economic activity in Gulf Cooperation Council (GCC) countries has slowed down due mainly to low private investments as a result of the tighter lockdown measures that local authorities reimposed since the start of 2021 to curb the spread of the coronavirus. However, it expected real GDP growth to pick up in the second half of the year, in case of a rebound in oil production and higher capital spending, amid lower fiscal stimulus. It projected Bahrain to post a real GDP growth rate of 3.1% in 2021, followed by Qatar with 2.5%, Saudi Arabia with 2.3%, Oman with 1.8%, and Kuwait and the UAE with 1.2% each. It considered risks to the outlook to be tilted to the upside and to include improved economic activity in Asian countries, which would support global oil prices as well as private sector activity in GCC economies.

In parallel, it noted that authorities in GCC countries are prioritizing narrowing fiscal deficits over boosting economic activity, given the rising public debt levels. It projected Qatar to post a fiscal surplus of 2% of GDP in 2021, in case of higher oil and gas prices, while it expected better trade dynamics and higher oil prices to narrow the fiscal deficits of Saudi Arabia and the UAE to 4.5% of GDP and 4.7% of GDP, respectively, in 2021. Also, it estimated Kuwait's fiscal deficit at 21.4% of GDP in the fiscal year that ended in March 2021, and forecast the deficit to narrow to 18.7% of GDP in FY2021/22 in case of higher oil prices and production. However, it noted that Kuwait's external position is relatively favorable, and projected the current account balance to shift from a deficit of 4.4% in 2021 to a surplus of above 5% in 2022. Also, it forecast Saudi Arabia's current account balance to shift from a deficit of 4.1% of GDP in 2020 to a surplus of 3% of GDP in 2021, and for the UAE's current account surplus to increase from 1.8% of GDP in 2020 to 3.5% of GDP in 2021, in case of higher oil export receipts.

Source: Deutsche Bank

SAUDI ARABIA

Investment program to pick up to $2.7 trillion in coming decade

Bank of America considered that Saudi Arabia's investment program that aims to increase domestic non-central government investments from $1.1 trillion (tn) during the 2009-18 period to $2.7tn over the next decade is ambitious and focuses on economic diversification. It noted that the investment program has three initiatives. First, under the "Sharek" program, Saudi Aramco, SABIC and other public and private sector companies will invest $1.3tn in the economy; second, the Public Investment Fund (PIF) will invest $0.8tn; and third, the National Investment Strategy will see investments of $0.5tn. The bank added that the National Investment Strategy envisages an additional $0.5tn in foreign direct investments, but authorities have not yet released details about the strategy and the role of the private sector. It considered that the broader public sector, such as the PIF, Saudi Aramco and SABIC, will take the lead in the investments, but it estimated that a funding gap will persist, which would put at risk the program's targets. It pointed out that the PIF's domestic investments averaged $16.6bn annually in the 2016-20 period and that the PIF is targeting annual investments of $40bn between 2021 and 2025. It considered that extending such investments to 2030 would lead to cumulative investments of $0.4tn in the 2021-30 period, which would require the PIF to double its investments to meet the $0.8tn targeted under the investment program. It added that the PIF could divest domestic stocks to fund capital spending.

Source: Bank of America

JORDAN

Low premium growth is key risk for insurers

In its assessment of the insurance sector in Jordan, S&P Global Ratings considered the insurance industry risk for the property/casualty (P/C) segment to be "moderately high" and the country risk to be "high". It noted that the insurance market in Jordan is among the smallest in the Middle East & North Africa region, and expected gross written premiums to remain below $1bn through 2022. It pointed out that Jordan's country risk level, as well as the sector's relatively weak growth, constitute key risks for Jordanian insurers in the next two years. It indicated that the elevated country risk level reflects subdued macroeconomic growth and the impact of several external shocks, including the Syrian conflict and the consequent influx of refugees, as well as the effect of the COVID-19 pandemic and the resulting stringent government measures to manage the outbreak. It estimated that real GDP contracted by 2.8% in 2020 and expected the economy to recover gradually and to grow by an average of about 2% in 2021 and 2022. In parallel, S&P assessed the industry risk as "moderately high", which factors in the industry's satisfactory profitability that is offset by relatively weak premium growth prospects. It pointed out that factors that support the sector's profitability include the low exposure of insurers to catastrophe risks, predictable claim settlements, and consolidation in the market to form stronger companies. However, it considered that the growth in premiums will be muted in the coming two years in the absence of new government initiatives, and will lag behind peer sectors in the Gulf Cooperation Council economies, particularly in Bahrain and Oman.

Source: S&P Global Ratings

ETHIOPIA

Ratings placed on CreditWatch negative on risk of debt default

S&P Global Ratings indicated that its placement of Ethiopia's ratings on CreditWatch negative in February 2021 reflects the risk of including commercial creditors in the government's debt restructuring plan. It noted that it could lower the rating to selective default (SD) if the government undertakes a debt exchange offer with commercial creditors. It added that it would consider a downgrade of the ratings if it concludes that Ethiopia is unwilling or unable to service the interest payments on its commercial obligations, including the interest payment on the Eurobond due on June 11, 2021. It considered that Ethiopia's external balance sheet has substantially weakened in recent years due to persistent current account deficits, and projected the deficit to narrow from 6.7% of GDP in the fiscal year ending June 30, 2021 to 5% of GDP in FY2023/24. It forecast the country's external debt to exceed 270% of current account receipts in 2024 compared to about 115% of current account receipts in 2014. It added that the external debt of the public sector, including the National Bank of Ethiopia's foreign deposit liabilities, is 10 times the country's gross foreign currency reserves, and expected the country's gross external financing needs to average more than 170% of current account receipts and usable reserves in the 2021-24 period. It estimated Ethiopia's public debt repayment requirements at about $5.5bn in the 2021-24 period, which would exceed its current foreign currency reserves of about $3bn.

Source: S&P Global Ratings

NIGERIA

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed at 'B' Nigeria's long-term foreign currency issuer default rating, with a 'stable' outlook. It indicated that the rating is supported by the large size of the economy, a low public debt level, and the low level of the sovereign's foreign currency debt. However, it noted that the rating is constrained by weak public revenues, a high dependence on the hydrocarbon sector, sustained weak growth, high inflation rates, as well as by comparatively low governance and development indicators. It considered that the COVID-19 outbreak has exacerbated external liquidity pressures, and that the Nigerian naira remains overvalued despite its depreciation last year, which is weighing on the country's external imbalances. It anticipated that capital repatriation, an increase in demand for foreign currency from importers and sustained current account deficits would also put pressure on foreign currency reserves. In parallel, the agency forecast the pubic debt level to rise to 32.6% of GDP at end-2022 from less than 13% of GDP a decade earlier, and added that low fiscal revenues are the key challenge to debt sustainability. Fitch considered that it could upgrade the ratings in case of a sustained recovery in foreign currency reserves, reforms to the exchange rate regime to address Nigeria's ongoing external vulnerabilities, or a significant reduction of the public debt level. It added that it could downgrade the ratings if downward pressure on foreign currency reserves persists, or if authorities do not address the weaknesses in the fiscal policy framework, such as the reinstatement of the fuel price subsidy or the continued large financing from the Central Bank of Nigeria.

Source: Fitch Ratings

EGYPT

Impact of COVID-19 on banks to be more pronounced in 2021

Fitch Ratings indicated that Egyptian banks will continue to face challenging operating conditions in 2021 as a result of the adverse impact of the coronavirus pandemic on economic activity. It noted that the Central Bank of Egypt (CBE) put in place several measures to support bank lending, including subsidizing interest rates and cutting policy rates. It expected credit growth to be in the high single digits in 2021, mainly supported by lower interest rates and the CBE's recent circular that asked banks to increase lending to small and medium-sized enterprises to 25% of their loan portfolios. In addition, it anticipated the banks' asset quality to deteriorate and for the sector's average ratio of Stage 3, or impaired loans, to increase to about 4% by the end of 2021, once the CBE's credit extension and forbearance measures expire. It added that pressure on asset quality would come from the elevated level of restructured loans and the increase in credit risk. Further, it anticipated the banks' profitability metrics to be healthy, but it expected the low interest rate environment and the rise in loan impairment charges (LICs) to weigh on operating profits. It considered that the banks' pre-impairment operating profitability could limit the impact of higher LICs on their capital. It pointed out that the banks' capitalization level is a credit weakness, given their large exposure to the sovereign and high loan concentration. However, it anticipated the CBE's directive to banks not to pay dividends for 2020 to partially offset pressures on their capital ratios.

Source: Fitch Ratings

NIGERIA

Economic and political conditions conducive for currency devaluation

Goldman Sachs considered that economic and political conditions in Nigeria are conducive for a gradual normalization of foreign exchange policy, which raises the probability of a devaluation of the NAFEX rate in the near term. First, it said that the rebalancing and adjustment of the external current account to the prevailing dynamics in the global oil market and to the weaker Nigeria naira have already taken place. Second, it noted that the weakening of the exchange rate on the parallel market has already fed into higher inflation, which means that an adjustment of the NAFEX rate would not be inflationary. Third, it pointed out that Nigeria has access to external financing to clear the $12bn in foreign currency backlogs accumulated in 2020. It added that the positive global sentiment and higher oil prices would encourage authorities to issue Eurobonds and help attract inflows to the debt market. It considered that the clearing of backlogs will take time, which means that authorities would gradually ease the foreign currency restrictions in place. It did not expect a full convergence of the NAFEX rate, which is currently around NGN410 against the US dollar, towards the parallel market exchange rate of about NGN480 per dollar. It estimated that the NAFEX rate could weaken to around NGN440 to NGN460 per dollar, while the policy rate could exceed 15% in order to attract foreign inflows to the local debt market. It did not anticipate a unification of the multiple exchange rates in Nigeria or a shift towards a more flexible exchange rate system under the current leadership.

Source: Goldman Sachs

ALGERIA

Extension of regulatory relief measures to contain deterioration of banks' asset quality

Moody's Investors Service indicated that the decision of Banque d'Algérie (BA) to extend regulatory relief measures to ease the impact of the COVID-19 pandemic on the Algerian economy and banking sector until the end of June 2021 will help contain the deterioration in the banks' asset quality. It said that these measures allow banks to postpone or reschedule the payment of loan installments for clients that are affected by the pandemic and to extend credit for customers that already benefit from measures to reschedule or postpone loan payments. It added that the BA reduced the banks' minimum liquidity and regulatory capital ratios. It noted that the regulatory relief measures will support the broader economy and will prevent the liquidity shortages of some borrowers from becoming solvency problems. It anticipated the pandemic to affect borrowers in the trade and transportation sectors the most, while it said that small- and medium-sized enterprises are vulnerable to economic shocks. It pointed out that the deterioration in the banks' asset quality from the coronavirus would exacerbate the elevated system-wide problem loans. In parallel, Moody's indicated that Algerian banks have good capitalization levels, which would allow them to absorb some losses. It noted that the banking sector's provisional system-wide Tier One Capital ratio reached 14% at the end of September 2020 compared to a minimum required ratio of 7%, while the banks' capital adequacy ratio was 18% at end-September 2020 relative to a minimum required ratio of 9.5%. Also, it said that Algerian banks have historically posted healthy levels of profitability.

Source: Moody's Investors Service

PAKISTAN

Capital adequacy ratio at 19% at end-2020, NPLs ratio at 9%

The International Monetary Fund considered that Pakistan's banking sector is stable. It indicated that the banking sector is well capitalized, with a capital adequacy ratio of 18.6% at the end of 2020 relative to 17% a year earlier. It encouraged the authorities to gradually remove the regulatory measures that they introduced since March 2020 in response to the COVID-19 crisis, such as the relaxation of lending standards and payment deferrals, in order to preserve the financial stability of the banking sector. It also urged authorities to revoke the directed lending to the housing and construction sector that they introduced in June 2020, due to concerns for financial stability and efficiency. It called on authorities to ensure that all banks meet the minimum capital requirements, to accurately calculate non-performing loans (NPLs) and expected losses, and to improve the resolution and crisis management frameworks, including the deposit insurance scheme. In parallel, it pointed out that the sector's NPL ratio increased from 8.6% at end-2019 to 9.2% at end-2020, with 88.3% of NPLs provisioned at the end of 2020. In addition, it said that the banking sector's liquid assets were equivalent to 54.8% of total assets and to 74.3% of deposits at end-2020. It added that the banks' loans-to-deposits ratio stood at 44.8% at the end of 2020 relative to 51.7% a year earlier. Further, it noted that the banks' return on assets reached 1% and their return on equity stood at 13.8% at the end of 2020, compared to 0.8% and 11.3%, respectively, in 2019.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil prices to average $65 p/b in second quarter of 2021

ICE Brent crude oil front-month prices continued to be volatile since early March 2021 and reached $66.58 per barrel (p/b) on April 14, their highest level since mid-March 2021. The recent increase in oil prices was driven by the strong growth of China's imports and exports from China, reflecting improving economic activity as the progress in global vaccination is supporting global demand. However, delays in the rollout of coronavirus vaccines in Europe, as well as the recommendation of U.S. agencies to pause certain COVID-19 vaccines due to concerns about side effects, are limiting the recovery prospects for oil demand. Further, the recent attack on Saudi Aramco facilities and the explosion that occurred at a nuclear site in Iran raised tensions in the Middle East and built pressure on oil prices. In contrast, the recent OPEC decision to gradually increase its output starting in May 2021 added downside pressure on prices. In parallel, the U.S. Energy Information Administration (EIA) anticipated ICE Brent crude oil prices to average $65 p/b in the second quarter, $61 p/b in the second half of 2021, and $60 p/b in 2022, supported by wider vaccination programs worldwide and expectations of higher U.S. oil consumption. Also, it projected OPEC's oil production to increase to an average of 25.1 million barrels per day (b/d) in the first quarter and to 25.8 million b/d in the second quarter of 2021. It noted that the anticipated increase in output is due to the announcement of the OPEC+ alliance to raise production targets in May, as well as to Saudi Arabia's decision to reverse the cut to its production by one million b/d between May and July 2021.

Source: EIA, Refinitiv, Byblos Research

OPEC's oil basket price up 6% in March 2021

The price of the reference basket of the Organization of Petroleum Exporting Countries averaged $64.56 per barrel (p/b) in March 2021, up by 5.7% from $61.05 p/b in February 2021. Angola's Girassol price was at $66.04 p/b, followed by Equatorial Guinea's Zafiro at $65.99 p/b, and Algeria's Sahara Blend at $65.76 p/b. All prices in the OPEC basket posted monthly increases of between $2.73 p/b and $3.77 p/b in March 2021.

Source: OPEC

OPEC oil output up 1% in March 2021

Oil production of the Organization of Petroleum Exporting Countries, based on secondary sources, averaged 25 million barrels per day (b/d) in March 2021 and increased by 1% from 24.8 million b/d in February 2021. Saudi Arabia produced 8.1 million b/d, or 32.3% of OPEC's total output, followed by Iraq with 4 million b/d (15.6%), the UAE with 2.6 million b/d (10.4%), Kuwait with 2.33 million b/d (9.3%), and Iran with 2.3 million b/d (9.2%).

Source: OPEC

Angola's oil export receipts up 24% to $780m in March 2021

Oil exports from Angola reached 30.7 million barrels in March 2021, constituting a decrease of 4 million barrels (-11.5%) from February 2021 and a decline of 8.2 million barrels (-21.1%) from March 2020. The country's oil export receipts totaled KZ486.2bn or $779.7m in March 2021, and increased by 46.8% from KZ331.2bn ($508m) in February 2021. They grew by 23.8% from KZ392.7bn ($777m) in March 2020.

Source: Angola's Ministry of Finance

Base Metals: Aluminum prices to average $1,900 per ton in 2021

The LME cash price of aluminum averaged $2,094 per ton in the first quarter of 2021, constituting an increase of 23.7% from an average of $1,692 a ton in the same period of 2020. The rollout of the coronavirus vaccine, improved prospects of a global economic recovery, increased buying of metals as a hedge against the global rise in inflation, as well as concerns about supply tightness amid production cuts in China, were the main drivers of the rise in aluminum prices in the covered period. Further, prices closed at $2,307 per ton on April 14, 2021, their highest level since June 2018. Concerns about supply constraints amid speculations that China, the world's largest producer of the metal, will further limit its aluminum output to meet its environmental targets, pushed prices to their highest level in nearly three years. In parallel, S&P Global Ratings revised upwards its projections for aluminum prices from an average of $1,800 per ton in 2021 to an average of $1,900 a ton for the year, mainly as it expected the consumption of the metal to grow by 7% this year due to a strong recovery in automotive and manufacturing demand in the U.S. and Europe. However, it noted that the increase in prices could be muted as a result of large inventories of aluminum, as well as of the prospect of higher supply. It considered that the industry still has a surplus capacity and that the curbing production remains modest. Still, it anticipated China's cap on output to support aluminum prices in the long term.

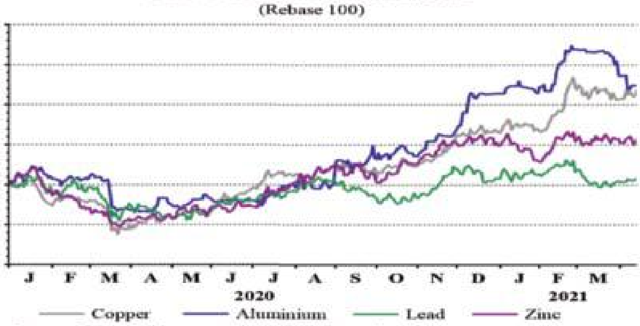
Source: S&P Global Ratings, Refinitiv

Precious Metals: Silver prices at $19 an ounce by end-March 2022

Silver prices averaged $26.2 per troy ounce in the first quarter of 2021, constituting an increase of 55.3% from an average of $16.9 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 $24.2 per ounce on March 30, 2021, its lowest level since December 14, 2020, but recovered to $25.4 an ounce on April 14, 2021. In parallel, Julius Bär considered that demand for silver from safe-haven seekers is receding amid the expected global economic recovery, despite the rapidly rising numbers of coronavirus cases in parts of the world. However, it anticipated that higher industrial demand for silver due to substantial investments in solar energy globally will continue to support the metal's price this year. As such, it projected silver prices at $23 per ounce in the coming three months and at $19 an ounce by the end of March 2022, and anticipated the metal's price to stabilize at about $18.5 per ounce in the medium to long terms.

Source: Julius Bär, Refinitiv, Byblos Research

Price Performance of Base Metals
(Rebase 100)



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	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*

****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	19-Mar-21	No change	27-Apr-21
Australia	Cash Rate	0.10	06-Apr-21	No change	04-May-21
New Zealand	Cash Rate	0.25	14-Apr-21	No change	26-May-21
Switzerland	SNB Policy Rate	-0.75	25-Mar-21	No change	17-Jun-21
Canada	Overnight rate	0.25	10-Mar-21	No change	21-Apr-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	22-Mar-21	No change	20-Apr-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	15-Apr-21	No change	27-May-21
Malaysia	O/N Policy Rate	1.75	04-Mar-21	No change	06-May-21
Thailand	1D Repo	0.50	24-Mar-21	No change	05-May-21
India	Reverse repo Rate	4.00	07-Apr-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	18-Mar-21	No change	29-Apr-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	19.00	15-Apr-21	No change	06-May-21
South Africa	Repo Rate	3.50	25-Mar-21	No change	20-May-21
Kenya	Central Bank Rate	7.00	29-Mar-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	23-Mar-21	No change	25-May-21
Ghana	Prime Rate	14.50	22-Mar-21	No change	24-May-21
Angola	Base Rate	15.50	29-Mar-21	No change	27-May-21
Mexico	Target Rate	4.00	25-Mar-21	Cut 25bps	13-May-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-Apr-21	No change	03-May-21
Kazakhstan	Repo Rate	9.00	09-Mar-21	No change	26-Apr-21
Ukraine	Discount Rate	7.50	15-Apr-21	Raised 100bps	17-Jun-21
Russia	Refi Rate	4.25	19-Mar-21	No change	23-Apr-21

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