650 ISSUES+

Issue 675 | June 4, 2021

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Volume of upgraded debt at $629bn in quarter of 2021

S&P Global Ratings indicated that it carried out 314 negative rating actions on corporations and sovereigns, while it took positive rating actions on 866 corporations and sovereigns in the first five months of 2021. It pointed out that 139 rating actions that are not directly related to COVID-19 were upgrades, while 130 rating upgrades were directly related to the coronavirus so far in 2021. Also, it said that 72 rating actions that are not related to COVID-19 were downgrades, while 114 rating downgrades were directly related to COVID-19 so far in 2021. Globally, the volume of debt affected by downgrades amounted to $365.6bn in the first quarter of 2021, while debt affected by upgrades totaled $629.1bn in the covered period. On a regional basis, the volume of debt affected by downgrades reached $254.6bn in the U.S. in the first quarter of the year and accounted for 69.6% of the total, followed by Europe with $95.4bn (26.1%), Asia-Pacific with $9bn (2.5%), other developed economies with $2.9bn and Latin America with $2.8bn (0.8% each), and Emerging Europe, the Middle East & Africa (EEMEA) with $0.9bn (0.3%). In parallel, the volume of debt affected by upgrades in the U.S. amounted to $341bn in the first quarter of the year and accounted for 54.2% of the total, followed by Europe with $233.8bn (37.2%), Latin America with $19.1bn (3%), other developed economies with $17.8bn (2.8%), Asia-Pacific with $9.3bn (1.5%), and (EEMEA) with $8.2bn (1.3%).

Source: S&P Global Ratings

UAE

Earnings of Abu Dhabi firms up 75%, profits of Dubai firms up 59% in first quarter of 2021

The net income of 61 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED12.6bn, or $3.4bn, in the first quarter of 2021, constituting an increase of 75.4% from AED7.2bn, or $2bn, in the same period of 2020. Listed banks generated net profits of $1.2bn and accounted for 36% of the total earnings of publicly-listed firms in the covered period. Telecommunications firms followed with $832.4m (24.2%), then energy firms with $585.7m (17%), consumer goods companies $429.3m (12.5%), real estate firms with $168.7m (5%), insurers with $86m (2.5%), services providers with $58.7m (1.7%), and investment & financial firms with $45.4m (1.3%). In contrast, industrial companies posted aggregate net losses of $4.9m in the first quarter of 2021. In parallel, the cumulative net income of 55 companies listed on the Dubai Financial Market that published their financials totaled AED7.8bn, or $2.1bn, in the first quarter of 2021, constituting an increase of 58.8% from AED4.9bn or $1.3bn in the same period of 2020. Listed banks generated net profits of $1.1bn, or 53.4% of net earnings in the covered period. Real estate & construction firms followed with $664m or 31.1% of the total, then insurers with $101.4m (4.7%), transportation companies with $97.3m (4.6%), industrial firms with $77.8m (3.6%), telecom companies with $70.2m (3.3%), investment & financial services firms with $44m (2.1%), and services providers with $32.5m (1.5%). In contrast, consumer staples firms posted aggregate net losses of $91.8m in the first quarter of 2021.

Source: KAMCO

MENA

Stock markets up 16% in first five months of 2021

Arab stock markets increased by 16.2% and Gulf Cooperation Council equity markets grew by 18.2% in the first five months of 2021, relative to contractions of 18.2% and of 17%, respectively, in the same period of 2020. In comparison, global stocks improved by 10.3% and emerging market equities expanded by 7.5% in the covered period. Activity on the Beirut Stock Exchange surged by 75% in the first five months of 2021, the Abu Dhabi Securities Exchange rallied by 30%, the Damascus Securities Exchange rose by 29.5%, the Amman Stock Exchange grew by 24%, the Saudi Stock Exchange jumped by 21.4%, the Boursa Kuwait gained 13.8%, and the Palestine Exchange appreciated by 13%. In addition, the Iraq Stock Exchange leaped by 12.4%, the Dubai Financial Market advanced by 12.3%, the Tunis Bourse increased by 7.4%, the Casablanca Stock Exchange gained 7.3%, the Muscat Securities Market grew by 5.3%, the Qatar Stock Exchange appreciated by 3%, the Bahrain Bourse expanded by 2.5%, and the Khartoum Stock Exchange improved by 1.8% in the covered period. In contrast, activity on the Egyptian Exchange deteriorated by 5% in the first five months of 2021.

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

Real advertising expenditures down 22% to $3.1bn in 2020

In their annual survey of the advertising market in the Arab world, *ArabAd* magazine and research firm Ipsos estimated that real advertising expenditures in 14 Arab states and in the Pan Arab and Pan Asia markets reached $3.1bn in 2020, constituting a drop of 22% from $4bn in 2019. Spending on advertising in Saudi Arabia amounted to $769m last year and accounted for 24.6% of the total, followed by the Pan Arab market with $527m (16.9%), the UAE with $526m (16.8%), Egypt with $328m (10.5%), Kuwait with $269m (8.6%), Morocco with $173m (5.5%), Algeria with $128m (4.1%), and Qatar with $88m (2.8%). In addition, advertising expenditures in Iraq reached $78m (2.5%), followed by Lebanon with $57m (1.8%), Jordan with $51m (1.6%), Tunisia with $45m (1.4%), Bahrain with $34m (1.1%), Oman with $27m (0.9%), the Pan Asia market with $25m (0.8%), and Syria with $5.7m (0.2%). Advertising expenditures in Syria increased by 308% from a very low base and declined by 57% in Lebanon, the steepest changes in the region. Further, 13 Arab countries as well as the Pan Arab and the Pan Asia markets recorded declines in advertising spending 2020. In parallel, Unilever was the biggest corporate spender on advertising across all media and on offline platforms in the region, while Huawei Technologies Co. was the largest spender of online media in 2020. Also, Vodafone was the top advertised brand across all media in 2020, Saudi Telecom Company was the main advertiser in offline media, and Huawei was the top advertised brand in online media. Further, the foods sector was the biggest spender across all media and on offline platforms, while the telecommunication sector was the biggest spender on online media in 2020.

Source: ArabAd

OUTLOOK

WORLD

Economic recovery in major emerging markets to lag rebound in advanced economies

Moody's Investors Service expected global economic activity to significantly rebound in 2021 from its 2020 level. It projected real GDP growth for the Group of 20 major economies at 6.1% this year following a 3.2% contraction in 2020, mainly due to the expected increase in household consumption in the upcoming months as a result of the lifting of coronavirus-related restrictions. It noted that the pace of the vaccine's rollout has been slow in Japan, Korea and Australia, and that continued coronavirus-containment measures in these countries will negatively affect economic activity. It anticipated the economic recovery in these countries to lag the rebound in economic growth in the United States and Europe, where vaccination rollouts are containing the number of infections, despite new variants of the virus. It forecast economic activity in G20 economies to grow by 4.4% in 2022.

In parallel, the agency expected the economic recovery in most emerging market (EM) economies of the G20, excluding China, to be slower than the rebound in advanced economies and in China. It attributed the weaker recovery mainly to the slow and uneven distribution of the vaccine, as well as to the emergence of new variants of the virus, which will delay the normalization of economic activity in these markets. It also anticipated that many EMs will face tighter external financial conditions as the recovery in advanced economies picks up, which would further weigh on the economic rebound in EM economies with open capital markets or that rely on foreign financing. As such, it projected real GDP growth in the EM economies of the G20 ex-China at 5.2% in 2021 and 4.1% in 2022, following a contraction of 4.9% in 2020. Also, it projected China's real GDP growth at 8.5% in 2021, up from a previous forecast of 7.5%, due to stronger-than-expected activity in the first quarter of the year and compared to a growth rate of 2.3% last year. It expected the ongoing expansion of China's economy to support growth in other countries, particularly among its trading partners.

Source: Moody's Investors Service

EMERGING MARKETS

Impact of interest rates hike on public finances to vary across emerging economies

S&P Global Ratings conducted a stress test to assess the budgetary sensitivity of 20 emerging markets (EMs) to potential hikes in interest rates. It defines budgetary sensitivity as the increase in the general government's debt serving costs in percentage of GDP. Under its baseline scenario, it projected six EMs to pay over 4% of GDP in debt servicing in 2021. It expected Ghana to use 56.5% of its tax receipts to cover interest payments; while it anticipated the debt servicing costs of Egypt, India and Nigeria to exceed 30% of their public revenues. But it forecast the debt servicing costs of Chile, China, Korea and Russia to be equivalent to less than 5% of their public revenues. As such, it noted that the outcome of the stress test shows large differences in the underlying creditworthiness of the 20 EMs included in the survey.

In parallel, it indicated that, under a scenario of an increase of 300 basis points (bps) in interest rates, debt servicing costs would expand by 1.3 percentage points (ppts) of GDP in South Africa, by 1.2 ppts of GDP in Egypt, as well as by 0.9 ppts of GDP in each of Ghana and Kenya in 2021, given these countries' elevated debt rollover ratios. Also, it anticipated that, under the same scenario, debt servicing costs would increase by less than one ppt of GDP by 2023 in 16 out of the 20 EM sovereigns; while it projected the debt servicing costs of Egypt, Ghana and South Africa to rise by at least by two ppts of GDP by 2023. Further, it indicated that a second round of interest rate increases would further weigh on public finances in EM sovereigns.

Further, the agency expected that the rapid increase in interest rates, in case of recovering growth and normalizing monetary policy, would pose little threat to public finances in EMs, as higher public revenues and fiscal consolidation measures would offset the increase in debt servicing costs.

Source: S&P Global Ratings

QATAR

Non-hydrocarbon sector growth to average 5% annually in 2022-27 period

Bank of America (BofA) expected that Qatar's conservative budget for 2021 and the authorities' effective response to the fallout from the COVID-19 outbreak will support a cyclical economic recovery. It said that authorities are targeting a budget deficit of QAR34.6bn, or 6.1% of GDP in 2021, based on global oil prices of $40 per barrel (p/b). However, it projected the fiscal balance to shift from a deficit of QAR11.3bn, or 2.1% of GDP in 2020, to a surplus of QAR12.5bn or 1.9% of GDP in 2021, in case of higher-than-budgeted oil prices. It said that the authorities will not introduce the value-added tax this year, and anticipated the delayed impact of the new corporate taxes to constrain public revenues in 2021. Also, it noted that authorities are planning to cut public spending by 7.5% mainly due to the completion of several major infrastructure projects, and to reduce the public sector wage bill by 1.9% this year. Still, it projected public expenditures to increase by 6.7% in 2021 due to low base effects. It estimated that the public debt level reached 72% of GDP at the end of 2020 and expected it to decline this year. It forecast the fiscal surplus to average 2% of GDP in the 2021-27 period and to reach nearly 5% of GDP in 2027, supported by the planned expansion of liquefied natural gas (LNG) production and in case global oil prices average $60 p/b in the medium term. Further, it estimated liquid foreign currency reserves at the Qatar Investment Authority and the Qatar Central Bank at $140bn, or 70% of GDP, and considered this level to be sufficient to finance the fiscal and current account deficits in case of adverse shocks to commodity prices.

In parallel, BofA expected the authorities' plan to expand LNG production to boost growth prospects for the 2021-27 period. It projected investments in the LNG expansion plan to increase real non-hydrocarbon GDP to an average of 5% annually in the 2022-27 period. It anticipated that stronger activity in the hydrocarbon sector would double nominal GDP from $145bn in 2020 to $300bn by 2027. It did not expect the end of the diplomatic rift with Bahrain, Egypt, Saudi Arabia and the UAE to impact growth, as the economy has already adjusted to the three-year rift. It anticipated that a relatively small domestic market, and lower investments would weigh on long-term economic growth prospects in the absence of reforms.

Source: Bank of America

SAUDI ARABIA

Growth prospects contingent on structural reforms

Deutsche Bank indicated that Saudi Arabia's real GDP retreated on an annual basis in the first quarter of 2021, constituting the seventh consecutive quarter of contraction. It said that non-oil GDP grew by 3.3% annually in the covered quarter, while hydrocarbon GDP contracted by 12% annually due to lower oil production. It considered that the resilience of the non-oil sector is an opportunity for policymakers to boost economic activity amid supportive financial conditions. In parallel, it said that the authorities are stepping up fiscal consolidation efforts at the expense of a faster public sector-led economic recovery, following the fallout from the COVID-19 outbreak. It noted that the fiscal deficit significantly narrowed to SR7.4bn in the first quarter of 2021, supported by a rise of 39% in non-oil revenues, and despite a 9% decline in oil receipts due substantial oil production cuts under the OPEC+ agreement. It indicated that the increase in non-oil revenues was mainly driven by higher tax receipts from the 10-percentage points increase to 15% in the value-added tax (VAT) rate. In addition, it said that public spending declined by 6% annually in the first quarter of 2021 due to a 47% drop in capital expenditures, despite unchanged current spending. It anticipated that the increase in the VAT rate and the cuts to capital spending would weigh on the Kingdom's economic growth, which is still highly dependent on the public sector. Further, it anticipated non-oil revenues to underperform, in case of weak growth prospects and if authorities do not implement additional structural reforms.

Source: Deutsche Bank

DEM REP CONGO

Kinshasa reaches $1.5bn deal with IMF

The International Monetary Fund announced that it has reached a Staff-Level Agreement with the Democratic Republic of Congo (DRC) on a three-year $1.5bn financing package under its Extended Credit Facility. It said that the package aims to help the DRC recover from the coronavirus, maintain macroeconomic stability and support faster reforms, in order to increase and sustain growth. It pointed out that the coronavirus weighed on the DRC’s economy, as it estimated nominal GDP growth at just 1.7% in 2020, despite a 10% increase in the extractive sector’s activity. It added that the inflation rate peaked at 15.7% in August 2020 along with the depreciation of the Congolese franc. However, it said that the Stability Pact signed between the Banque Centrale du Congo and the central government, the disbursement under the Rapid Credit Facility in April 2020, and additional support from development partners, helped stabilize economic and financial conditions. In parallel, it considered that the DRC has significant fiscal and external financing needs in the medium-term. Further, it noted that the fiscal policy under the program targets increasing domestic revenues, in order to build fiscal space for necessary investments and social spending. It added that the authorities plan on improving the monetary policy, regulatory and supervisory frameworks in order to support the stability of the financial sector, raise the level of financial inclusion, and contain inflation. Also, the IMF called on authorities to fight corruption and improve governance. It also stressed on stepping up efforts in the management of extractive resources, improving public financial management, and combating money laundering.

Source: International Monetary Fund

BAHRAIN

Sovereign ratings affirmed, outlook revised to 'negative'

S&P Global Ratings affirmed Bahrain's long- and short-term foreign and local currency sovereign credit ratings of 'B+/B', and revised the outlook on the long-term ratings from 'stable' to 'negative'. It attributed the outlook revision to increasing risks to the government's ability to service its external debt and to maintain confidence in the peg of the Bahraini dinar to the US dollar. It expected high global oil prices to support the fiscal position in 2021, but anticipated fiscal deficits to remain wide, which would further weigh on the elevated public debt level and debt-servicing costs. It forecast the net public debt level to average 120% of GDP and for debt servicing costs to be equivalent to 28% of public revenues in the 2021-24 period. It considered that the authorities' fiscal reform measures might be insufficient to stabilize the public debt level. Also, it noted that Bahrain's external position and monetary flexibility are weak due to continued pressure on foreign currency reserves, despite ongoing support from Gulf Cooperation Council (GCC) peers. It pointed out that the country's gross external financing needs are among the highest within the universe of rated sovereigns, and projected them to average 3.5 times current account receipts plus usable reserves in the 2021-24 period. In parallel, in its periodic review of Bahrain's sovereign ratings, Moody's Investors Service indicated that the country's 'B2' issuer rating reflects its economic strength score of 'baa1', which points to the country's high per capita income level and diversified economy relative to GCC peers. Also, it said that the rating takes into account Bahrain's institutions and governance strength level of 'ba2', which balances relatively strong governance indicators with the authorities' poor track record of implementation of fiscal reforms.

Source: S&P Global Ratings, Moody's Investors Service

ANGOLA

Sovereign rating reflects government's elevated borrowing needs and weak external position

In its periodic review of Angola's sovereign ratings, Moody's Investors Service indicated that the country's 'Caa1' issuer rating reflects its economic strength score of 'b2', which points to Angola's modest medium-term economic prospects, relatively low GDP per capita levels for an oil sector-driven economy, as well as the low levels of diversification and competitiveness. Also, it said that the rating takes into account the country's score of 'caa1' in terms of institutions and governance strength, which reflects the weakness of the local institutional framework. It added that Angola's rating points to the government's fiscal strength score of 'ca', due to the elevated public debt level and the sharp deterioration in debt affordability as a result of the decline in public revenues following the sharp drop in global oil prices in recent years. Further, the agency indicated that Angola's sovereign rating takes into account the country's susceptibility to event risks score of 'ba', which points to the government's elevated gross borrowing requirements, as well as to external vulnerability risks, in view of Angola's weak external position and its elevated vulnerability to the volatility of global oil prices.

Source: Moody's Investors Service

EMERGING MARKETS

Asset quality to impact banks' ratings in 2021

Fitch Rating indicated that it downgraded 8% of bank ratings in emerging markets (EMs) in the first half of 2020, while it revised the outlook to 'negative' on another 8% of EM banks during the same timeframe. It noted that the majority of the downgrades and outlook revisions on banks were triggered by negative rating actions on sovereigns in Africa, Latin America, and the Middle East. It said that it revised the outlooks on 13% of EM banks from 'negative' to 'stable', as the pressure on their operating environment moderated, specifically in Georgia, Kazakhstan, Nigeria, Russia and Taiwan; or due to a revision in the outlook on the sovereign ratings, as in the case of Turkey. Also, the agency pointed out that the outlooks on 47% of EM banks remained 'negative', reflecting the persisting pressures on asset quality from the impact of the coronavirus and the anticipated lagged impact of the economic shocks in 2020. It stated that the non-performing loans ratio reached 9.5% at banking sectors in Central and Eastern Europe, 9% in the Commonwealth of Independent States, Ukraine & Georgia, 8.8% in Africa, 2.7% in the Middle East, and 2.1% in each of Latin America and Asia at the end of 2020. But it anticipated asset quality to further deteriorate in 2021 as regulatory forbearance measures, payment holidays and other debt relief measures expire. It expected the deterioration in asset quality to mainly affect the Viability Ratings of EM banks in the short-term. Moreover, it noted that profits at EM banks regressed in 2020 due to the decline in revenues and the higher costs of credit, but it added that the banks' capital buffers remained mostly intact.

Source: Fitch Ratings

SAUDI ARABIA

Banks' profits increase on lower provisioning costs

Regional investment bank EFG Hermes indicated that the aggregate pre-tax profits of Al Rajhi Bank, Riyad Bank, Saudi British Bank, Bank Aljazira and Banque Saudi Fransi, reached SAR4.4bn, or $1.2bn in April 2021 constituting increases of 9% from March 2021 and of 35% from April 2020, mainly due to lower loan-loss provisions as macroeconomic conditions are improving. Also, it said that aggregate deposits at the five banks stood at SAR1.99 trillion, or $530bn, at the end of April 2021, up by 0.7% from the end of March 2021 and by 9% from a year earlier. It did not expect any pressure on the banks' funding costs as the Saudi Arabian Interbank Offered Rate continues to trend lower. In parallel, it noted that loans reached SAR1.89 trillion, or $500bn, at the end of April 2021, up by 1% from the previous month and by 15.6% from end-April 2020. As such, it pointed out that the loans-to-deposits ratio of the five banks rose from 89.8% at the end of April 2020 to 95.2% at end-April 2021. It noted that the banks' asset quality was stable throughout the first quarter of 2021, and that forbearance measures will continue to be in place until the end of June 2021. Further, it indicated that the Saudi Central Bank provided the banking sector with SAR50bn in liquidity support in March 2020, which is set to expire in the second quarter of 2021. It pointed out that banks extended SAR13.9bn in new mortgages in April 2021, representing a rise of 84% from a year-earlier as the COVID-19 outbreak affected mortgage sales in April last year. It expected lower interest rates on new mortgages to impact the banks' interest margins.

Source: EFG Hermes

KUWAIT

Agency takes rating actions on banks

Capital Intelligence Ratings (CI) downgraded the long-term foreign currency rating (FCR) of the National Bank of Kuwait (NBK) from 'AA-' to 'A+'. Also, it maintained the rating of Burgan Bank at 'A+', and the FCR of Boubyan Bank at 'A'. Moreover, it affirmed the Bank Standalone Rating (BSR) of NBK at 'a-', the rating of Burgan Bank at 'bbb+', and the BSR of Boubyan Bank at 'bbb'. It maintained the 'stable' outlook on the FCRs and BSRs of Burgan Bank and Boubyan Bank, while it revised the outlook on NBK's FCR and BSR from 'negative' to 'stable'. It indicated that the uplift of the banks' FCRs above their respective BSRs takes into account the high likelihood of extraordinary support from the government in case of financial distress, due to the government's strong financial capability to provide support, as well as to the state guarantee on all customer deposits at banks in Kuwait. Further, it noted that the downgrade of the rating of NBK reflects the sharp deterioration in the bank's financial fundamentals, especially its asset quality and profitability. It added that NBK's financials remain solid, but that they do not justify the previous ratings. Still, it said that the BSR of NBK is supported by the bank's sound capitalization, current adequate asset quality and high coverage ratios. However, it said that the rating of NBK is constrained by the potential further weakening of its credit quality, which is mitigated by good buffers, as well as an elevated concentration of loans and deposits, which is the case for all domestic banks in Kuwait. In parallel, it indicated that the 'stable' outlook of the three banks shows that the ratings are not likely to change in the next 12 months.

Source: Capital Intelligence Ratings

UAE

Banking sector risk assessment maintained

S&P Global Ratings maintained the banking sector of the United Arab Emirates in 'Group 5' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '6' and an industry risk score of '5'. The BICRA framework evaluates banking systems based on economic and industry risks facing a banking sector, with 'Group 10' including the riskiest sectors. Other countries in the BICRA 'Group 5' include Iceland, Italy, Mexico, Panama, Peru and Qatar. S&P indicated that the UAE's economic risk score reflects "low risks" in economic resilience, as well as "high risks" in economic imbalances and "very high" credit risks in the economy. It considered that the contraction in economic activity in 2020 and the lengthy recovery in 2021 will weigh on rated banks in the UAE. It expected the residential real estate sector to remain under pressure in the coming two years due to ongoing oversupply. It added that low demand for travel and tourism services will weigh on the hospitality, aviation and trading sectors. As a result, it anticipated the asset quality indicators of the rated banks to continue to deteriorate in the next 12 to 24 months with the gradual lifting of regulatory forbearance measures, and for credit losses to remain elevated. In parallel, S&P said that the industry score reflects the country's "intermediate risks" in its institutional framework and in its system-wide funding, as well as "high risks" in its competitive dynamics amid a fragmented sector. It said that the trend for economic and industry risks is "stable".

Source: S&P Global Ratings

ENERGY / COMMODITIES

Oil prices to average $64.8 p/b in 2021

ICE Brent crude oil front-month prices averaged $68.3 per barrel (p/b) in May 2021, constituting an increase of 5% from $65.3 p/b in April 2021, and a rise of 110.8% from $32.4 p/b in May 2020. The recovery in oil prices was mainly due to improving demand prospects amid the rollout of the COVID-19 vaccines worldwide and the reopening of the U.S. and European economies. Further, the U.S. Energy Information Administration indicated that the loosening of restrictions on travel and the economic recovery have boosted the increase in U.S. gasoline demand since the beginning of March 2021. However, renewed concerns from rising coronavirus cases in Asia, specifically in India, Taiwan, Thailand and Vietnam may exert downward pressures on demand. Also, oil prices reached $71.35 p/b on June 2, 2021, constituting their highest level since they stood at $72.18 p/b on May 21, 2019. The increase came after the decision of OPEC+ members to maintain their existing production plan to gradually ease production cuts through the month of July. In parallel, Refinitiv anticipated, through its latest crude oil price poll of 45 industry analysts, oil prices to average $66.33 p/b in the second quarter of 2021, $67.4 p/b in third quarter and $66.75 p/b in the fourth quarter of the year. In addition, it expected oil prices to average $64.79 p/b in 2021, $64.93 p/b in 2022 and $62.98 p/b in 2023.
Source: EIA, Refinitiv, Byblos Research

Iraq's oil exports receipts near $6bn in May 2021

Preliminary figures show that Iraq's crude oil exports totaled 89.9 million barrels in May 2021 and increased by 1.7% from 88.4 million barrels in April 2021. They averaged 2.9 million barrels per day (b/d) in May, nearly unchanged from the preceding month. Oil exports from the central and southern fields reached 86.8 million barrels in May, while shipments from the Kirkuk fields totaled 3.1 million barrels. Oil receipts stood at $5.9bn in May, up by 6% from $5.5bn in April 2021.
Source: Iraq Ministry of Oil, Byblos Research

Saudi Arabia's oil exports down 5% in March 2021

Total oil exports from Saudi Arabia, which include crude oil and other oil products, amounted to 6.54 million barrels per day (b/d) in March 2021, constituting a decline of 4.7% from 6.86 million b/d in February and a decrease of 20.2% from 8.19 million b/d in March 2020. In parallel, crude oil output averaged 8.1 million b/d in March 2021, nearly unchanged from the preceding month, and compared to an average of 9.8 million b/d in March 2020. Further, oil export receipts reached $14bn in March 2021, increasing by 11% from $12.6bn in March 2021 and expanding by 75% from $8bn in March 2020.
Source: JODI, General Authority for Statistics

Egypt’s oil exports up 34% to $1.8bn in first quarter of 2021

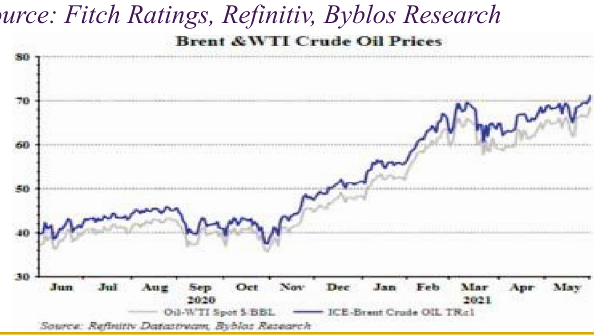
Egypt’s Central Agency for Public Mobilization and Statistics (CAPMAS) indicated that Egyptian petroleum exports reached $1.8bn in the first quarter of 2021, constituting an increase of 33.8% from $1.4bn in the same period last year. Crude oil exports totaled $399m in the covered period and accounted for 22% of the total, followed by natural gas exports with $564m (31%), and fuel oil exports with $522m (28.7%).
Source: Zawya, CAPMAS, Byblos Research

Base Metals: Aluminum prices to average $2,200 per ton in 2021

The LME cash price of aluminum averaged $2,204.7 per ton in the first five months of 2021, constituting an increase of 37.7% from an average of $1,600.6 a ton in the same period of 2020. The rise in prices was mainly due to concerns about supply tightness amid China's commitment to reduce carbon emissions through production cuts in the aluminum industry, as well as to strong demand for the metal, decreasing LME-registered inventories and improved prospects of a global economic recovery. Further, prices declined from $2,530 per ton on May 7, 2021, their highest level since April 2018, to $2,459 per ton on May 31, as a higher-than-expected inflation rate in the U.S. triggered worries about tighter credit conditions that would weigh on the demand for commodities. In parallel, Fitch Ratings revised upwards its forecast for aluminum prices for the 2021-23 period to take into account higher demand for the metal as well as Chinese supply restrictions. It expected China, the world's largest consumer of aluminum, to remain a net aluminum importer due to its decarburization efforts. As such, it projected prices to average $2,200 per ounce in 2021 relative to a previous forecast of $1,950 an ounce, as well as $2,000 per ounce in 2022 compared to an earlier forecast of $1,850 an ounce, and $1,900 per ounce in 2023 relative to a previous forecast of $1,850 an ounce. Also, it expected aluminum prices to stabilize at this level in the long-term.
Source: Fitch Ratings, Refinitiv, Byblos Research

Precious Metals: Gold prices at $1,700 per ounce in 2021

Gold prices averaged $1,800 per troy ounce in the first five months of 2021, constituting an increase of 10.5% from an average of $1,629.3 an ounce in the same period last year. The rise in the metal's price is mainly due to accelerating inflation rates and declining real interest rates globally, which led to higher investment demand for gold and reinforced the appeal of the metal as a hedge against potential inflationary pressure. Also, gold prices reached $1,906 per ounce on May 31, 2021, their highest level since January 7 of this year, amid signs of accelerating inflation rates and a potentially uneven economic recovery due to the resurgence of COVID-19 cases in some countries around the world, which reinforced the appeal of the metal as a safe haven. In parallel, Fitch Ratings revised upwards its forecast for gold prices for 2021 and 2022 to take into account the increase in the metal's price year-to-date, and the potential for higher investment opportunities as fiscal stimulus subsides globally. As such, it projected gold prices to average $1,700 per ounce in 2021 relative to a previous forecast of $1,600 an ounce, and $1,500 per ounce in 2022 compared to a previous forecast of $1,400 an ounce. Also, it expected prices to average $1,200 per ounce in each of 2023 and 2024, and to stabilize at this level in the long-term.
Source: Fitch Ratings, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	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 (%)
	LT Foreign currency rating												
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-	Caa1	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+								
	Negative	Negative	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	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	28-Apr-21	No change	16-Jun-21
Eurozone	Refi Rate	0.00	22-Apr-21	No change	10-Jun-21
UK	Bank Rate	0.10	06-May-21	No change	24-Jun-21
Japan	O/N Call Rate	-0.10	27-Apr-21	No change	18-Jun-21
Australia	Cash Rate	0.10	01-Jun-21	No change	08-Jun-21
New Zealand	Cash Rate	0.25	14-Apr-21	No change	14-Jul-21
Switzerland	SNB Policy Rate	-0.75	25-Mar-21	No change	17-Jun-21
Canada	Overnight rate	0.25	21-Apr-21	No change	09-Jun-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-May-21	No change	21-Jun-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	27-May-21	No change	15-Jul-21
Malaysia	O/N Policy Rate	1.75	06-May-21	No change	08-Jul-21
Thailand	1D Repo	0.50	05-May-21	No change	23-Jun-21
India	Reverse repo Rate	4.00	07-Apr-21	No change	04-Jun-21
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	28-Apr-21	No change	17-Jun-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	19.00	06-May-21	No change	17-Jun-21
South Africa	Repo Rate	3.50	20-May-21	No change	22-Jul-21
Kenya	Central Bank Rate	7.00	26-May-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	25-May-21	No change	27-Jul-21
Ghana	Prime Rate	13.50	31-May-21	Cut 100 bps	26-Jul-21
Angola	Base Rate	15.50	29-May-21	No change	29-Jul-21
Mexico	Target Rate	4.00	13-May-21	No change	24-Jun-21
Brazil	Selic Rate	3.50	05-May-21	Raised 75bps	16-Jun-21
Armenia	Refi Rate	6.00	04-May-21	Raised 50bps	N/A
Romania	Policy Rate	1.25	12-May-21	No change	07-Jul-21
Bulgaria	Base Interest	0.00	03-May-21	No change	01-Jun-21
Kazakhstan	Repo Rate	9.00	26-Apr-21	No change	07-Jun-21
Ukraine	Discount Rate	7.50	15-Apr-21	Raised 100bps	17-Jun-21
Russia	Refi Rate	5.00	23-Apr-21	Raised 50bps	11-Jun-21

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