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Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Ecommerce retail sales to reach $4.1 trillion in 2021

Figures released by research firm Insider Intelligence indicate that global retail sales reached $23.6 trillion (tn) in 2020, constituting a decrease of 2.8% from $24.3tn in 2019 due to the impact of the coronavirus on retail activity. It expected retail sales to recover globally to pre-pandemic levels, and to surge by 6% to $25.1tn in 2021, as well as to increase by 5.3% to $26.4tn in 2022, to grow by 4.7% to $27.6tn in 2023, to expand by 4.5% to $29tn in 2024, and to rise by 4.2% to $30.1tn in 2025. In parallel, it noted that retail electronic commerce sales amounted to $4.2tn in 2020, representing a jump of 25.7% from $3.6tn in 2019, and accounted for 17.6% of total retail sales in 2020 relative to 13.8% in 2019. It projected retail ecommerce sales to increase by 16.8% to $4.1tn in 2021, to surge by 12.7% to $5.5tn in 2022, to grow by 11.2% to $6.2tn in 2023, to rise by 9.8% to $6.8tn in 2024, and to expand by 9% to $7.4bn in 2025. As such, it anticipated retail ecommerce sales to account for 19.6% of global retail sales in 2021, and for this share to grow to 21% in 2022, to 22.3% in 2023, to 23.4% in 2024, and to 24.5% in 2025. Regionally, it forecast Asia-Pacific to account for 60.8% of retail ecommerce sales in 2021, followed by North America with 20.3%, and Western Europe with 12.6%. Moreover, it said that the pandemic expanded online buying in several countries that were experiencing subdued online sales. It expected ecommerce sales in Argentina, Brazil, India, and Russia to increase by at least 26% in each country in 2021.

Source: Insider Intelligence

GCC

Fixed income maturities at $299bn in 2021-25 period

Figures released by KAMCO show that bonds and sukuk maturities for sovereigns and corporate issuers in the Gulf Cooperation Countries (GCC) countries stand at $299.1bn in the 2021-25 period, and include $22.3bn that are due in 2021, $71.3bn that mature in 2022, $65.9bn payable in 2023, $77.4bn due in 2024, and maturities of $62.2bn in 2025. Sovereign and corporate bonds account for $185.2bn, or 62%, of total fixed income maturities in the covered period, while sovereign and corporate sukuk represent $113.9bn, or 38% of the total. Corporate bonds and sukuk maturities stand at $152.9bn, or 51% of the total, while sovereign maturities amount to $146.2bn, or 49% of the total in the 2021-25 period. Saudi Arabia has $97.6bn in upcoming maturities in the next five years, which represents 32.6% of total fixed income dues, followed by the UAE with $88.7bn (29.7%), Qatar with $65.4bn (21.9%), Bahrain with $16.5bn (5.5%), Oman with $15.6bn (5.2%), and Kuwait with $15.1bn (5%). Further, maturing bonds and sukuk in US dollars account for $180bn, or 60.2% of total maturities in the covered period, followed by dues in the Saudi riyal with $55.7bn (18.6%), and in the Qatari riyal with $24.3bn (8.1%). On a sectoral basis, banks and other financial services providers have $88.5bn in maturities in the next five years, accounting for 29.6% of total maturities, followed by firms in the energy sector with $15.7bn (5.2%), airlines with $11bn (3.7%) and utilities with $10.1bn (3.3%).

Source: KAMCO

MENA

Equity issuance up by 139% to $2.1bn in first half of 2021

Equity Capital Markets (ECM) issuance in the Middle East & North Africa region, which includes equity and equity-related issuances, totaled $2.1bn in the first half of 2021, constituting an increase of 139% from about $875.7m in the same period of 2020, and representing its highest level since 2018. In parallel, debt issued in the MENA region reached $70.6bn in the first half of the year, down by 6% from around $66.4bn the same period of 2020 and representing its second highest level for the first half of a year on record. Debt issuance in the UAE amounted to $20.5bn and accounted for 29% of the total, followed by Qatar with $18.7bn (26.5%). Further, the amount of announced mergers & acquisitions (M&A) in the region, which includes inbound, outbound and domestic deals, totaled $44.8bn in the first half of 2021 and decreased by 9% from $50.7bn in the same period last year. In addition, investment banking fees in the region reached $591m in the first half of 2021, down by 4% from the same period of 2020. Fees generated from transactions in the energy and power sector amounted to $207m and accounted for 35% of the overall fee pool, followed by bond underwriting fees with $198.5m (34%), fees produced from transactions in the financial sector with $195m (33%) and syndicated lending fees with $155m (26.2%).

Source: Refinitiv

Level of cybersecurity varies across region

The International Telecommunication Union (ITU) ranked Saudi Arabia in second place among 194 countries and in first place among 20 Arab countries on its Global Cybersecurity Index (GCI) for 2020. The UAE followed in fifth place, then Oman (21st), Egypt (23rd), Qatar (27th), Tunisia (45th), Morocco (50th), Bahrain (60th), Kuwait (65th), Jordan (71st), Sudan (102nd), Algeria (104th), Lebanon (109th), Libya (113th), Palestine (122nd), Syria (126th), Iraq (129th), Mauritania (133rd), Djibouti (179th), and Yemen (182nd). The index assesses a country's commitment to cybersecurity in order to help it identify areas that need improvement. The index is based on five pillars that consist of the Legal, Technical, Organizational, Capacity Building, and Cooperation pillars. A country's score is a weighted average of the five pillars and ranges from zero to one point, with a score of one point reflecting the highest commitment to cybersecurity. Saudi Arabia, along with the UAE, Oman, Qatar, Tunisia, and Bahrain came in first place on the Legal pillar. Also, Saudi Arabia and Tunisia ranked first on the Technical pillar, while Saudi Arabia, Oman, and Egypt tied for first place on the Organizational pillar. Further, Saudi Arabia, the UAE and Oman ranked in first place on the Capacity Building and Cooperation pillars. The average score of the 20 Arab countries was 0.394 points compared to 0.445 points on the 2018 GCI. Also, the region's average score was lower than the global average of 0.517 points, as well as the average scores of North America of 0.988 points, Europe & Central Asia (0.783), South Asia (0.467), and East Asia & the Pacific (0.463); while it came higher than the average scores of Sub-Saharan Africa (0.342) and Latin America & the Caribbean (0.339).

Source: ITU, Byblos Research

OUTLOOK

WORLD

Insurance premiums to grow by 3.6% in real terms in 2021-22 period

Global reinsurer Swiss Re projected global insurance premiums to grow by 3.3% in real terms in 2021 and by 3.9% in 2022, following a contraction of 1.3% in 2020, and expected global demand for insurance to benefit from the recovery in economic activity worldwide and for the rebound in premiums to be driven by demand in emerging markets. It forecast premiums in emerging markets to grow by 6.5% in real terms annually in the 2021-22 period, and for premiums in advanced economies to expand by 2.8% in real terms per year in the 2021-22 period. Also, it anticipated the global economic recovery and the steady rise in rates for non-life insurance commercial lines to lead premiums to exceed pre-coronavirus levels by 10% in 2021 and to expand the global insurance market to above $7 trillion by the end of 2022.

In parallel, it projected global non-life premiums to grow by 2.8% in real terms in 2021, and to expand by 3.3% in real terms annually in the 2021-22 period, as it expected non-life premiums in emerging markets to increase by 7% in real terms and for such premiums to grow by 2.5% in advanced economies in the covered period. Further, it estimated forecast global life premiums to expand by 3.8% in real terms in 2021, mainly driven by the impact of the pandemic on consumer risk awareness. It anticipated global life premiums to grow by 3.9% in real terms annually in the 2021-22 period, with life premiums rising by 6.3% in emerging markets and by 3.2% in advanced economies. It expected consumer risk awareness to fuel demand for risk protection insurance, and for the life savings business segment to benefit from stronger financial markets and a steady recovery in consumer incomes.
Source: Swiss Re

AFRICA

Region more vulnerable to external shock and liquidity shortages

Goldman Sachs expected economic activity in Sub-Saharan Africa (SSA) to rebound sharply in 2021, in line with the global economic recovery. It said that the negative impact of the COVID-19 outbreak on the fiscal metrics of SSA countries was significant but was relatively smaller than in other emerging and developed economies, given the less adverse impact of the pandemic on the growth outlook of the region and the governments' limited fiscal stimulus support. However, it indicated that the public debt level in the SSA region rose in the past decade from 21% of GDP to 63% of GDP, mainly due to higher primary expenditures, lower public revenues, and elevated debt servicing costs. It noted that the coronavirus shock has further weighed on the fiscal metrics of SSA countries through the erosion of buffers, rising debt-servicing costs, and weak debt-carrying capacity. It added that the pre-pandemic debt build-up and the fiscal effects of the pandemic have brought SSA debt levels and vulnerability indicators in line with other emerging market economies As such, it considered that SSA countries are currently more vulnerable to a negative shock or a deterioration in external liquidity than they have been in recent years. Still, it expected economies in the region to be better positioned than many other emerging markets to undertake the required fiscal adjustments to stabilize public debt dynamics. It said that authorities in SSA countries should consider fiscal consolidation, mainly revenue mobilization, as a policy priority to mitigate against fiscal risks or a negative global shock, and in order to put the region's debt trajectories on a sustainable path.

In parallel, it expected SSA countries to be more resilient to a negative global interest rate shock than other emerging economies, given the high share of concessional debt in their debt structure and the limited dependence on market interest rates, which implies a more limited transmission of global interest rates. However, it anticipated the exposure to commodity prices to be more significant than the impact of a change in interest rates on debt levels in the region, given that SSA countries are relatively large net commodity exporters. As such. It anticipated that a decline in commodity prices would have an adverse effect on nominal GDP and would potentially weigh on domestic borrowing costs given the countries' managed currency regimes. Also, it expected the large share of the region's debt that is denominated in foreign currency to expose SSA countries to negative valuation effects in the event of currency depreciations.
Source: Goldman Sachs

SAUDI ARABIA

Economic growth to average 2.8% annually in medium term

The International Monetary Fund indicated that the Saudi authorities responded effectively to the COVID-19 outbreak with a range of fiscal, financial, and employment support programs that helped mitigate the impact of the pandemic on the private sector. It projected real non-hydrocarbon GDP growth at 4.3% in 2021, compared to a contraction of 2.3% in 2020, as it expected higher investments related to the Public Investment Fund (PIF) and strong private-sector demand to offset the government's fiscal consolidation measures. It projected real GDP to expand by 2.4% in 2021 relative to a contraction of 4.1% last year, and expected growth to accelerate to 4.8% in 2022 and to stabilize at 2.8% in the medium term, as the results of the economic reform agenda begin to materialize. It considered that downside risks to the outlook include renewed lockdown measures in case of a resurgence in coronavirus cases and/or a slowdown in the rollout of the vaccine, the volatility in global oil prices, tighter global financial conditions, and regional geopolitical uncertainties

In parallel, the IMF underscored the importance of monitoring fiscal risks and developing a robust sovereign asset-liability management framework, given the growing role of the PIF and public-private partnerships in the economy. It said that the budget for 2021 targets a deficit of 5.9% of GDP compared to a deficit of 11.3% of GDP in 2020, but it projected the deficit to narrow to 3.5% of GDP this year, as it expected stronger oil receipts, higher-than-budgeted revenues from the value added tax, and the reduction in capital expenditures to help narrow the deficit. It forecast the fiscal deficit at 1.6% of GDP in 2023, and expected the fiscal position to reach a balance by 2026. Further, it forecast the current account balance to shift from a deficit of 2.8% of GDP in 2020 to surpluses of 3.9% of GDP in 2021 and 2022. It forecast the net foreign assets at the Saudi Central Banks at $455.5bn at the end of 2021 and to stabilize at about $490bn in the medium term. 2023, supported by higher capital inflows.
Source: International Monetary Fund

EGYPT

Public debt level and gross financing needs raise exposure to external shocks

The International Monetary Fund estimated the real GDP growth rate of the Egyptian economy at 2.8% in the fiscal year that ended in June 2021 and projected it at 5.2% in FY2021/22. It indicated that the Egyptian authorities' commitment to prudent policies and their strong performance under the IMF program in the previous 12 months have helped mitigate the social and health impact of the COVID-19 pandemic, and contributed to safeguarding economic stability, debt sustainability and investor confidence. However, it pointed out that the outlook is subject to uncertainties about the pandemic and the recovery in tourism activity. It noted that the country's high level of public debt and large gross financing needs leave it exposed to external shocks. It expected the general government's debt level to grow from 90% of GDP in FY2019/2020 to 92% of GDP in FY2020/21. Also, it forecast the fiscal deficit to rise from 7.9% of GDP in FY2019/2020 to 8.2% of GDP in FY2020/21. Further, it stressed on the importance of maintaining economic stability and reducing the public debt. It called on authorities to focus on structural reforms to encourage private sector led-growth, especially that the immediate impact of the pandemic is subsiding. It added that reforms should include implementing policies to raise revenues in order to fund essential public services, as well as improving governance and transparency, and developing financial markets. Also, the IMF stressed the need to reduce the role of the state in the economy, improving the business environment, and increasing Egypt's integration in the global trading system by reducing trade barriers and having more predictable customs procedures.

Source: International Monetary Fund

KUWAIT

Non-hydrocarbon activity to drive real GDP growth in 2021

The National Bank of Kuwait expected economic activity in Kuwait to pick up in 2021. It projected real GDP to grow by 0.5% in 2021 following a contraction of 8.9% in 2020, as it forecast activity in the non-hydrocarbon sector to expand by 3% this year, supported by stronger activity in the real estate and construction sectors, as well as by robust consumer demand and the government's expansionary fiscal stance. Also, it anticipated real hydrocarbon GDP to retreat by 1.6% in 2021 relative to a contraction of 8.9% last year, in case of smaller oil production cuts under the OPEC+ agreement. In parallel, it estimated the fiscal deficit to have widened from 9.5% of GDP in the fiscal year that ended in March 2020 to 28.6% of GDP in FY2020/21, due to a sharp drop in oil receipts. It projected the deficit to narrow to 13.8% in FY2021/22 in case of higher global oil prices and a rebound in oil production. It anticipated the financing of the fiscal deficit to be challenging for authorities in the absence of parliamentary approval for the debt law, but forecast the debt level at 17.2% of GDP at the end of March 2022. Further, it projected the current account balance surplus to decrease from 31.7% of GDP in 2020 to 22.5% of GDP in 2021, in case of lower investment income and despite a higher trade surplus. It indicated that foreign currency reserves at the Central Bank of Kuwait are stable at about $14.7bn, and cover about 13 months of imports.

Source: National Bank of Kuwait

SAUDI ARABIA

Sovereign ratings affirmed, outlook revised to 'stable'

Fitch Ratings affirmed Saudi Arabia's long-term foreign currency Issuer Default Rating (IDR) at 'A'and revised the outlook on the rating from ‘negative’ to 'stable'. It attributed the outlook revision to prospects for a smaller deterioration in key sovereign balance-sheet metrics than it expected at the time of the previous review, due to significantly higher oil prices and the government’s commitment to fiscal consolidation. It forecast the government's debt level to rise and for the sovereign’s net foreign assets to decline over the medium term, but added that these metrics will remain considerably stronger than those of the median of 'A'-rated sovereigns. Also, the agency considered that the government will retain significant fiscal buffers, as deposits at the Saudi Central Bank exceed 10% of GDP. It noted that the rating is constrained by the economy's dependence on oil, weak governance indicators and vulnerability to geopolitical shocks constrain. The agency estimated that the debt level of state-owned and government-related entities at about 23% of GDP in 2020, excluding banks, but it warned that a large rise in the GREs' debt or a shift in the focus of public-sector spending outside the budget constitute important risks to the sovereign's balance-sheet strengths. It estimate that a change of $10 per barrel in oil prices would modify its budget deficit forecast by 3.5% of GDP, while a change of one million bbl in oil production would change the fiscal deficit by 2% of GDP. In parallel, the agency indicated that it could take positive rating action in case fiscal consolidation leads to a sustainable fiscal balance, including lower fiscal breakeven oil prices, if a rise in oil revenues improves the public-sector balance sheet, or in case Saudi Arabia's already strong external position improves.

Source: Fitch Ratings

UAE

Sovereign ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the long-term foreign and local currency ratings of the United Arab Emirates at 'AA-', with a 'stable' outlook. It indicated that the sovereign ratings reflect the strong position of the UAE's external accounts, due to the availability of substantial financial assets. It pointed out that the ratings are supported by a stable political environment, a gradual economic recovery from the COVID-19, and an elevated GDP per capita. The agency added that the ratings reflect its expectations that the Emirate of Abu Dhabi will support federal institutions and the Central Bank of the UAE, in case of need. In parallel, it noted that the ratings are constrained by the high dependence of the economy on hydrocarbons, as well as by the authorities' limited capacity to change the size and structure of the budget. Also, it stated that the 'stable' outlook balances the country's solid external position against elevated financing risks at the government-related entities (GREs) of the Emirate of Dubai. It considered that it may upgrade the ratings if the authorities implement structural reforms that would reduce their reliance on oil exports and improve the intuitional framework, and if geopolitical tensions recede. But it pointed out that it may downgrade the ratings in the event of an escalation in geopolitical tensions, a decline in global oil prices, a deterioration in public and external finances, or an increase in the financing risks of Dubai's GREs.

Source: Capital Intelligence Ratings

AFRICA

WAEMU banks' loans to grow by 5% to 6% in 2021

Moody's Investors Service anticipated loans at banks in the West African Economic and Monetary Union (WAEMU) to increase by 5% to 6% in 2021 compared to a growth rate of 3% in 2020, as a result of the economic recovery in the region. It added that the borrowing of state-owned enterprises and of private entities that work on government projects will contribute to the growth in loans. However, it noted that lenders and private borrowers will remain cautious following the COVID-19 shock. In parallel, it expected the non-performing loans (NPLs) ratio of banks in the region to reach 11% to 12% in the next 12 to 18 months, compared to 11.1% in 2020, due to the expiration of forbearance measures and the lagged impact of the deterioration in economic activity in 2020. But it added that the support measures of Banque Centrale des États de l'Afrique de l'Ouest and of governments will limit the pandemic's impact on the banks' NPLs. Also, it indicated that the banks' holdings of sovereign debt of WAEMU countries grew by 35% in 2020 and forecast their exposure to government debt to remain elevated. As such, it considered that the banks' balance sheets will remain linked to the creditworthiness of sovereigns in the region. Further, it noted that banks in the region have modest capital buffers relative to their emerging market peers, despite the anticipated increase of the sector's Tier-One capital ratio from 11.2% in June 2020 to 11.5% by December 2021.

Source: Moody's Investors Service

MOROCCO

FATF urges authorities to work on AML/CFT action plan

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Morocco has made a high level political commitment in February 2021 to work with the FATF and the regional body MENAFATF on strengthening the effectiveness of its AML/CFT regime. The FATF considered that the government should continue working on the implementation of its action plan in order to address its AML/CFT strategic deficiencies. As such, it called on authorities to put in place a case management system to provide timely responses and to prioritize mutual legal assistance (MLA) requests that are in line with the country's risk profile. It also encouraged authorities to improve risk-based supervision, take remedial actions, and apply effective, proportionate and dissuasive sanctions against non-complying entities and persons. Further, the FATF called on authorities to increase the diversity of suspicious transaction reporting and to provide the Financial Intelligence Unit with adequate human and financial resources. In addition, it recommended that authorities prioritize the identification, investigation, and prosecution of all types of money laundering in accordance with the country's risks. It urged authorities to build the capacity of law enforcement agencies, prosecutors and relevant authorities to be able to conduct parallel financial investigations, use financial intelligence, seize assets, and seek or provide MLA. Also, it called on authorities to effectively supervise and monitor the compliance of financial institutions and designated non-financial businesses and professions with targeted sanctions obligations.

Source: FATF

ANGOLA

Banks' NPLs ratio at 18% at end-2020

The International Monetary Fund indicated that Angola's banking sector is well-capitalized, but that it remains vulnerable to shocks. It noted that the sector's capital adequacy ratio stood at 20.3% at the end of 2020, the latest available figure, down from 23.2% at end-2019. In parallel, it pointed out that the sector's liquidity is adequate and that the banks' aggregate liquid assets were equivalent to 30.1% of total assets, and to 35.8% of short-term debt at end-2020. It added that the sector's loans-to-deposits ratio stood at 32.7% at end-2020 relative to 42% a year earlier. It added that foreign currency loans represented 30.3% of total loans, while foreign currency liabilities stood at 54.2% of deposits at end-2020. Further, it said that the non-performing loans ratio decreased from 32.4% at the end of 2019 to 18.4% at end-2020, mainly due to the restructuring of one of the two troubled state-owned banks. In parallel, it indicated that the banking sector incurred losses in 2020 from two large public banks, as the sector's return on assets reached -2.9% in 2020 compared to -1.3% in 2019, while its return on equity dropped from -10% in 2019 to -29.8% in 2020. In parallel, the IMF called on authorities to continue to closely monitor the potential impact of the COVID-19 crisis on the banks' asset quality, to identify any further deterioration in their loan portfolios, and to accurately record credit losses. It encouraged authorities to ensure prudent provisioning for loan losses, and for banks to recognize and actively manage their NPLs. It added that authorities should actively oversee the banks' net open foreign currency positions relative to their capital, and that they should improve their crisis management readiness.

Source: International Monetary Fund

NIGERIA

Banks' ratings constrained by challenging operating environment

In its periodic review of the ratings of Nigerian banks, Moody's Investors Service indicated that the 'B2' long-term currency deposit ratings of Access Bank, Zenith Bank, Union Bank of Africa (UBA), Union Bank of Nigeria (UBN), and Sterling Bank have the same ratings as the sovereign. It added that the ratings of Access Bank, UBN and Sterling Bank benefit from a high probability of government support in case of need, and that the 'B3' issuer rating of Ecobank benefits from the support of the group's shareholders. The agency pointed out that the 'b2' Baseline Credit Assessment (BCA) of Zenith Bank and the 'b3' BCA ratings of Access Bank, UBN and Sterling Bank reflect the banks' deposit-based funding structure and strong local currency liquidity. Further, it stated that the 'b2' BCA rating of UBA reflects its diversified loan book relative to its local peers, as well as its strong capitalization and solid liquidity and profitability. Also, it noted that the 'b3' BCA rating of Ecobank shows the group's strong deposit funding base and its business and geographical diversification. However, it indicated that the BCAs of Access Bank, Zenith Bank, UBA, UBN and Sterling Bank are constrained by the challenging operating environment. It added that Zenith Bank and UBA rely heavily on corporate deposits, while Union Bank and Ecobank have a high level of problem loans. Also, it stated that the BCA of Access Bank is restricted by its large exposure to the oil and gas sector.

Source: Moody's Investors Service

Oil prices to average $65 p/b in 2021

ICE Brent crude oil front month prices reached $74.76 per barrel (p/b) on July 14, 2021, declining by $1.73 p/b or by 2.3% from $76.49 p/b a day earlier, and by 3.1% from $77.16 p/b on July 5. The drop in oil prices came after Saudi Arabia and the United Arab Emirates reached a compromise on oil production, which should pave the way for members of the OPEC+ coalition to reach a deal to increase oil supply. In parallel, Goldman Sachs pointed out that the potential agreement between Saudi Arabia and the UAE on oil output, as well as the increase in oil production of 0.4 million barrel per day (b/d) through December 2021, which OPEC+ members already approved, would help mitigate the risks of a price war among members of the OPEC+ coalition and the risk of insufficient oil output. It added that an OPEC+ agreement would increase oil production by 0.5 million b/d in August 2021, and would allow the UAE to increase its production from 3.17 million b/d to 3.65 million b/d by the end of the first quarter of 2022. Further, Standard Chartered Bank anticipated the growth in global oil demand to start declining starting next month, given concerns about the flattening in economic activity in Russia, the United Kingdom and the United States, as well as the effect of the coronavirus variants. It considered that the oil market is also concerned over the ability of OPEC+ to react to changing conditions after the inability of the group's members to do so at their most recent meeting. As such, it projected oil prices to average $56 p/b in the fourth quarter of 2021, $65 p/b in 2021, and $59 p/b in 2022.

Source: Goldman Sachs, Standard Chartered Bank, Refinitiv, Byblos Research

Angola's oil export receipts up 32% in June 2021

Oil exports from Angola reached 33.4 million barrels in June 2021, constituting a decrease of 1.7 million barrels (-4.7%) from May 2021 and a decline of 5.4 million barrels (-9.1%) from the same month in 2020. The country's oil export receipts totaled KZ573bn, or $881m, in June 2021 and increased by 31.8% from KZ434.7bn ($668.8m) in May 2021. They grew by 184.7% from KZ201.2bn ($341.3m) in June 2020.

Source: Angola's Ministry of Finance

OPEC oil output up 2% in June 2021

Oil production of the Organization of Petroleum Exporting Countries, based on secondary sources, averaged 26 million barrels per day (b/d) in June 2021, constituting an increase of 2.3% from 25.5 million b/d in May 2021. Saudi Arabia produced 8.9 million b/d, or 34.2% of OPEC's total output, followed by Iraq with 3.9 million b/d (15.1%), the UAE with 2.7 million b/d (10.3%), Iran with 2.5 million b/d (9.5%), and Kuwait with 2.4 million b/d (9.2%).

Source: OPEC

OPEC's oil basket price up 7% in June 2021

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $71.89 per barrel (p/b) in June 2021, representing an increase of 7.4% from $66.91 p/b in May 2021. Equatorial Guinea's Zafiro price was at $73.50 p/b, followed by Angola's Girassol at $73.47 p/b, and Saudi Arabia's Arab Light at $72.76 p/b. All prices in the OPEC basket posted monthly increases of between $4.39 p/b and $5.52 p/b in June 2021.

Source: OPEC

Base Metals: Aluminum prices up 42% in year-to-mid-July, 2021 period

The LME cash price of aluminum averaged $2,264 per ton in the year-to-July 14, 2021 period, constituting an increase of 41.8% from an average of $1,597 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 reached $2,546 per ton on July 6, 2021, their highest level since August 2011, mainly due to tight supply conditions and declining inventories of the metal. But they regressed to $2,507 per ton on July 14, as Chinese regulators stepped up efforts to contain price rises in the commodities market. In parallel, Standard Chartered Bank revised upwards its forecast for aluminum prices for the 2021-23 period, to take into account increased scrutiny of energy and emissions targets that constrain the production of aluminum in China, as well as global decarburization efforts and the shift towards renewables and clean energy. As such, it projected aluminum prices to average $2,397 an ounce in 2021, $2,315 per ounce in 2022, and $2,175 per ounce in 2023.

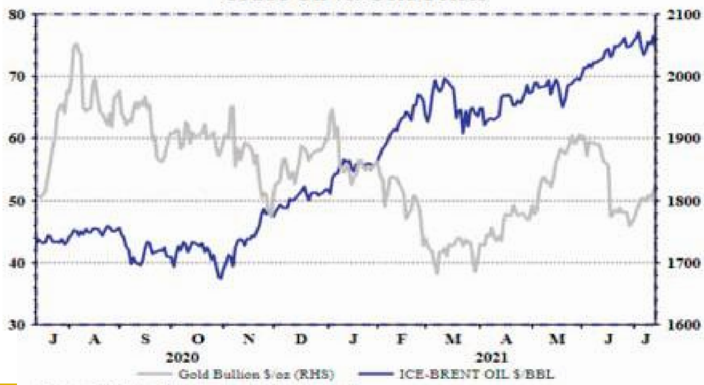
Source: Standard Chartered Bank, Refinitiv, Byblos Research

Precious Metals: Platinum prices projected at $1,206 per ounce in 2021

Platinum prices averaged $1,165 per troy ounce in the year-to-July 14, 2021 period, constituting an increase of 38% from an average of $844.3 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, anticipations that the economic recovery would boost demand for platinum in industrial and global automotive production supported the metal's price. However, prices have declined since February due to a relatively stronger dollar amid expectations of a hike in interest rates. In parallel, Standard Chartered Bank indicated that the recent decline in platinum prices points to the lower speculative interest from investors in the metal. As such, it projected prices to average $1,250 per ounce in the fourth quarter of 2021, $1,200 an ounce in the first quarter of 2022, and $1,175 per ounce in the second quarter of 2022. It forecast platinum prices to average $1,206 an ounce in 2021, $1,231 per ounce in 2022, and $1,150 per ounce in 2023.

Source: Standard Chartered Bank, Refinitiv, Byblos Research

Crude Oil vs. Gold Prices



Source: Refinitiv Datastream, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	IHS								
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	Caa1	CCC	-	CCC								
	Stable	Stable	-	-	Negative	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+	B+								
	Stable	Stable	Stable	Stable	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	B-	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	Negative	-	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 S&P	Moody's	Fitch	CI	IHS	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia													
Armenia	-	Ba3	B+	-	B-								
	-	Stable	Stable	-	Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-	A								
	Stable	Stable	Stable	-	Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-	BBB								
	Stable	Negative	Negative	-	Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-	BBB-								
	Stable	Positive	Stable	-	Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B-	B3	B-	-	CCC								
	Stable	Stable	Stable	-	Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB	Baa1	BBB	-	BBB								
	Stable	Stable	Stable	-	Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-	BBB-								
	Negative	Negative	Negative	-	Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	BBB-	Baa3	BBB	-	BBB-								
	Stable	Stable	Stable	-	Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+	B2	BB-	B+	B-								
	Stable	Negative	Stable	Stable	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B	B3	B	-	B-								
	Stable	Stable	Stable	-	Stable	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*
*** CreditWatch with negative implications*
****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	0.25	16-Jun-21	No change	28-Jul-21
Eurozone	Refi Rate	0.00	10-Jun-21	No change	22-Jul-21
UK	Bank Rate	0.10	24-Jun-21	No change	05-Aug-21
Japan	O/N Call Rate	-0.10	18-Jun-21	No change	16-Jul-21
Australia	Cash Rate	0.10	07-Jul-21	No change	03-Aug-21
New Zealand	Cash Rate	0.25	14-Jul-21	No change	18-Aug-21
Switzerland	SNB Policy Rate	-0.75	17-Jun-21	No change	23-Sep-21
Canada	Overnight rate	0.25	14-Jul-21	No change	08-Sep-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	21-Jun-21	No change	20-Jul-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	17-Jun-21	No change	N/A
South Korea	Base Rate	0.50	15-Jul-21	No change	26-Aug-21
Malaysia	O/N Policy Rate	1.75	08-Jul-21	No change	09-Sep-21
Thailand	1D Repo	0.50	23-Jun-21	No change	04-Aug-21
India	Reverse repo Rate	4.00	04-Jun-21	No change	06-Aug-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	17-Jun-21	No change	05-Aug-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	19.00	14-Jul-21	No change	12-Aug-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	4.25	24-Jun-21	Raised 25 bps	12-Aug-21
Brazil	Selic Rate	4.25	16-Jun-21	Raised 75bps	04-Aug-21
Armenia	Refi Rate	6.50	15-Jun-21	Raised 50bps	N/A
Romania	Policy Rate	1.25	07-Jul-21	No change	06-Aug-21
Bulgaria	Base Interest	0.00	01-Jul-21	No change	02-Aug-21
Kazakhstan	Repo Rate	9.00	7-Jun-21	No change	26-Jul-21
Ukraine	Discount Rate	7.50	17-Jun-21	Raised 100bps	22-Jul-21
Russia	Refi Rate	5.50	11-Jun-21	Raised 50bps	23-Jul-21

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Al Reem Island – Sky Tower – Office 2206
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336050 - 2 6336400
Fax: (+ 971) 2 6338400
E-mail: abudhabirepoffice@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

CYPRUS

Limassol Branch
256 Archbishop Makariou III Avenue, Eftapaton Court
3105 Limassol - Cyprus
Phone: (+ 357) 25 341433/4/5
Fax: (+ 357) 25 367139
E-mail: byblosbankcyprus@byblosbank.com.lb

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293