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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Equity issuance up 25% to $252bn in second quarter of 2021

S&P Global Ratings indicated that global equity issuance reached $251.7bn in the second quarter of 2021, constituting an increase of 25% from $201.5bn in the same period last year and a decrease of 28.4% from $351.3bn in the first quarter of 2021. It added that the number of equity issuance transactions totaled 1,708 in the second quarter of 2021, representing an increase of 16% from 1,473 transactions in the same period of 2020 and a decline of 23% from 2,215 in the first quarter of 2021. In parallel, it noted that the global volume of initial public offerings (IPO) amounted to $141.5bn in the second quarter of 2021, constituting a surge of 227% from $43.2bn in the same period of 2020 and a contraction of 30.7% from $204.4bn in the previous quarter. It pointed out that there were 723 IPO transactions in the covered quarter relative to 255 in the second quarter of 2020 and 826 deals in the first quarter of the year. Further, it stated that merger and acquisition (M&A) activity totaled $1.05 trillion (tn) in the second quarter of 2021, constituting a rise of 213.4% from $335bn in the same period last year and a dip of 2.9% from $1.08tn in the first quarter of the year. It added that the number of M&A transactions reached 13,597 in the covered quarter, rising by 55.5% from 8,746 deals in the second quarter of 2020 and regressing by 1.6% from 13,820 transactions in the first quarter of 2021.

Source: S&P Global Ratings

International arbitration cases at record high of 946 in 2020

The International Court of Arbitration indicated that it received 946 new arbitration cases in 2020, constituting an increase of 8.9% from 869 cases in 2019 and a surge of 10.4% from 857 cases in 2018. It said that 929 of the new cases it received in 2020 fall under the International Chamber of Commerce (ICC) Arbitration Rules, while the remaining 17 cases came under the ICC Appointing Authority Rules. Further, 2,507 parties were involved in arbitration cases in 2020, of which 31.8% were from North and Western Europe, 15.8% from Latin America & Caribbean (LAC), 13.6% were from in South & East Asia and the Pacific, 12.5% originated from Central & West Asia, 10.8% were from North America, 8.6% from Central & Eastern Europe, 5% originated from Sub-Saharan Africa (SSA), and 1.8% were from North Africa. Moreover, it pointed out that the international arbitration centers were spread across 65 countries in 2020, with North and Western Europe accounting for 53.5% of the total, followed by North America (14%), South & East Asia and the Pacific region and LAC (9.7% each), Central & Western Asia (8.7%), Central & Eastern Europe (3.1%), SSA (1%) and North Africa (0.4%). In parallel, the International Center of ADR stated that it received 77 new registered cases under the Mediation Rules, representing the largest number of such cases registered in a year. Also, the number of parties involved in new cases reached 112 in 2020, of which 45 are from Europe and represented 40% of the total, followed by the Americas with 34 parties (30%), Asia & the Pacific region with 30 parties (27%) and Africa with three parties (3%).

Source: International Chamber of Commerce

EMERGING MARKETS

Trading in Credit Default Swaps down 12% to $253bn in second quarter of 2021

Trading in emerging markets Credit Default Swaps (CDS) reached $253bn in the second quarter of 2021, constituting a decrease of 12% from $289bn in the second quarter of 2020 and a decline of 41.3% from $431bn in the first quarter of 2021. The most frequently traded sovereign CDS contracts in the second quarter of 2021 were those of China at $30bn, followed by Indonesia at $21bn, and Turkey at $20bn. As such, traded sovereign CDS contracts on China accounted for about 11.8% of trading volume in emerging markets CDS in the covered quarter, followed by CDS contracts on Indonesia (8.3%), and Turkey (7.9%). Further, the most frequently traded corporate CDS contracts in the covered quarter were those of Mexico's state-oil company Pemex at about $558m, which accounted for about 0.22% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 21 emerging economies and nine emerging market corporate issuers, as well as from 12 major international banks and broker-dealers.

Source: EMTA

MENA

Arab world trails most regions in connectivity to global shipping networks

The United Nations Conference on Trade & Development’s (UNCTAD) Liner Shipping Connectivity Index (LSCI) ranked the United Arab Emirates in 17th place globally and in first place among 19 Arab countries in terms of connectivity to global shipping networks in the second quarter of 2021. Saudi Arabia (22nd), Morocco (23th), Egypt (24th) and Oman (29th) followed as the five Arab economies with the highest connectivity to global shipping networks in the covered period. In parallel, Syria (124th), Mauritania (125th), Sudan (129th), Yemen (135th) and Tunisia (148th) were the lowest ranked countries on the index regionally. The index is a composite of six components that capture the deployment of container ships by liner shipping firms to a country’s ports. A country’s score is calculated by averaging the six components, with a higher score reflecting a better performance on the index. The rankings of five Arab countries improved and the ranks of eight countries regressed in the second quarter of 2021 from the same period of 2020, while the rankings of six Arab countries were unchanged. Also, the scores of 10 Arab countries increased and those of nine countries decreased in the covered quarter. The average score of Gulf Cooperation Council (GCC) countries stood at 47.8 points, while the average score of non-GCC Arab counties was 25.8 points. The Arab region’s simple average score came at 32.7 points and came above the global average of 27.6 points. In parallel, the Arab region’s average score was higher than the average scores of Latin America & the Caribbean (18.8 points) and Sub-Saharan Africa (15.5 points), but it came lower than the average scores of North America (47.4 points), South Asia (38.7 points), Europe & Central Asia (35.7 points), and East Asia & the Pacific (32.9 points).

Source: UNCTAD, Byblos Research

OUTLOOK

WORLD

Global insurance market to exceed $7 trillion in 2022

Global reinsurer Swiss Re projected insurance premiums worldwide to grow by 3.3% in real terms in 2021 and by 3.9% in 2022, supported by the expected global economic recovery as well by the ongoing higher demand for non-life insurance products. Also, it anticipated global demand for insurance products to benefit from higher consumer risk awareness as well as from an acceleration in digitalization following the pandemic. It forecast global premiums to be 10% higher than pre-crisis levels by the end of 2021, and for the total market size to exceed $7 trillion by the end of 2022.

In parallel, it anticipated global inflationary pressures to remain elevated in the next three years, which would weigh on the earnings of insurers worldwide over the medium term. It considered that the slowing momentum of the global economic recovery will reduce the prevailing elevated inflationary pressures, but it expected that inflation rates will remain higher than pre-COVID-19 levels. Also, it pointed out that the leading central banks are showing greater tolerance for elevated inflation rates and did not expect them to tighten monetary policy soon, which would support the global economic recovery.

Further, Swiss Re anticipated that higher inflation rates would impact the two sides of the balance sheets of insurers. On the assets side, it noted that the gradual normalization of monetary and fiscal policies would push bond yields higher, but that an abrupt increase in interest rates could weigh on the equity performance of insurers. On the liabilities side, it considered that the providers of non-life insurance are the most vulnerable to inflationary pressures, and that their exposure to inflationary risks varies depending on the origin of the claim.

Source: Swiss Re

IRAQ

Economic activity to expand by 3% annually in 2022-24 period

S&P Global Ratings expected Iraq's economy to slowly recover in 2021, and projected real GDP to grow by 1% this year following a contraction of 11% in 2020. It expected activity in the oil sector to marginally pick up in 2021, and for real non-hydrocarbon GDP growth to remain subdued throughout 2024 as authorities step up efforts to contain public expenditures amid low investments and a difficult business environment. Still, it forecast real GDP to expand by an average of 3% annually in the 2022-2024 period, supported by a rebound in hydrocarbon activity in case oil production cuts under the OPEC+ agreement are phased out. It pointed out that the non-oil sector's contribution to economic activity has upside potential, given the country's large population and infrastructure needs. But it anticipated that the delicate political situation and weak governance will continue to constrain activity in the non-hydrocarbon sector throughout 2024. In parallel, the agency indicated that authorities are stepping up efforts to reduce public spending to contain the fiscal deficit and projected the deficit to narrow from 6.5% of GDP in 2020 to 4% of GDP in 2021, in case global oil prices average $65 per barrel this year. However, it forecast the deficit to widen to 7% of GDP annually in the 2022-24 period, due to strong political resistance to rationalize the wage bill and the increase in public investments, and in case oil prices trend lower. It expected the government to rely on the domestic market to finance its deficits, mainly through indirect borrowing from the Central Bank of Iraq, and to rollover its domestic obligations that are due in 2021. Also, it anticipated that authorities will use oil receipts or draw down foreign currency reserves to cover external payments in 2021 and 2022.

Further, S&P considered that Iraq's external position is highly dependent on the oil price outlook, but projected the country's overall net external liabilities position at 13% of GDP and it net external debt at -3% of GDP, which are significantly stronger than the metrics of similarly-rated peers. Also, it forecast the current account balance to shift from a deficit of 3.8% of GDP in 2020 to a surplus of 3.4% in 2021, and expected the balance to remain in surplus through 2024, in case higher volumes of oil exports offset the anticipated decline in oil prices. It projected Iraq's usable reserves to rise from $52.6bn at the end of 2020 to $59.3bn at the end of 2021, supported by the current account surplus and the International Monetary Fund's allocation of Special Drawing Rights this year. It expected reserves to remain at this level in the medium term. It forecast the country's gross external financing needs at 51.3% of current account receipts and usable reserves by 2022.

Source: S&P Global Ratings

CÔTE D'IVOIRE

Real GDP growth to slow to 2.2% annually in medium term

The International Monetary Fund expected Côte d'Ivoire's economy to strongly rebound from the COVID-19 shock, and projected real GDP to expand by 6% in 2021 and by 6.5% in 2022, supported mainly by a recovery in exports and private investments in case the effects of the pandemic recede and electoral uncertainties abate, and despite short-term electricity shortages. It forecast real GDP growth to average 2.2% annually in the medium term, amid expectations of higher capital expenditures, robust domestic consumption, and as authorities step up efforts to implement the ongoing reform agenda. It considered that risks to the outlook are tilted to the downside and include new variants of the coronavirus or a protracted vaccine rollout, accelerating de-globalization that could reduce the country's exports, as well as continuing energy shortages and delays in reforms that could reduce confidence, dampen private investments, and worsen debt metrics in case revenue mobilization continues to underperform.

In parallel, it anticipated Côte d'Ivoire's fiscal position to improve in case authorities step up fiscal consolidation efforts by increasing public revenues, and reducing investments and coronavirus-related spending. It projected the fiscal deficit at 5.6% of GDP in 2021 and expected it to converge to the West African Economic and Monetary Union fiscal deficit target of 3% of GDP in the medium term, despite higher spending on security and a sizeable multi-year public investment plan. Further, it forecast the current account deficit to stabilize at about 3.5% of GDP annually in the medium term, if exports increase amid the global economic recovery and expected authorities to finance he deficit through net foreign direct investments, multilateral and bilateral loans, and non-resident purchases of Ivorian debt securities.

Source: International Monetary Fund

ECONOMY & TRADE

SAUDI ARABIA

Economic activity to expand by 5% in 2022

Jadwa Investment projected Saudi Arabia's real GDP to grow by 1.8% in 2021 and by 5.1% in 2022 after a contraction of 4.1% in 2020. It expected real hydrocarbon GDP to decline by 0.7% and for activity in the non-oil sector to accelerate by 3.5% this year. It attributed the rebound in growth to stronger activity in the wholesale & retail trade, restaurants & hotels, real estate, and manufacturing sectors. It considered that the key risk to the outlook is a more prolonged COVID-19 pandemic or new variants of the coronavirus. In parallel, it projected the fiscal deficit to narrow from 11.2% of GDP in 2020 to 2.1% of GDP in 2021 and to 1.9% of GDP in 2022, in case oil prices average $67 per barrel (p/b) this year and $65 p/b next year, and if dividends distribution by Saudi Aramco to the government reach SAR282bn in 2021. It added that the narrowing of the deficit also takes into account lower public spending, mainly on capital expenditures and the compensation of employees, as well as higher public revenues from an increase in oil receipts and from the rise in the value added tax rate. It forecast the public debt to increase from SAR854bn at end-2020 to SAR937bn at end-2021, given that the government issued SAR96bn in additional debt so far this year. But it forecast the public debt level to regress from 32.5% of GDP at end-2020 to 29.8% of GDP at end-2021, and to reach 30.6% of GDP by end-2022. Further, it projected the current account balance to shift from a deficit of 2.8% of GDP in 2020 to surpluses of 4.4% of GDP and 3.1% of GDP in 2021 and 2022, respectively, mainly due to the expected increase in hydrocarbon and non-hydrocarbon export receipts. It anticipated reserve assets at the Saudi Central Bank to slightly increase from $454bn at the end of 2020 to $457bn at end-2021 and to $461bn by end-2022.

Source: Jadwa Investment

TUNISIA

Public debt restructuring increasingly likely without external financial support

Bank of America (BofA) considered that a prolonged or disorderly political transition in Tunisia could impair the authorities' ability to implement economic reforms in the near term, and impede negotiations with the International Monetary Fund (IMF). It anticipated that the absence of an IMF-supported program and of related bilateral and multilateral financial support could result in a significant depletion of foreign currency reserves at the Banque Centrale de Tunisie by the end of 2022. Further, it considered that Tunisia's public debt dynamics are unsustainable in the absence of fiscal reforms, as the central government's debt rose from 44.6% of GDP in at the end of 2011 to 86% of GDP at end-March 2021, of which 63.3%, equivalent to 54.5% of GDP, consists of external debt. It projected the debt servicing of foreign currency-denominated debt to average $2.2bn annually in the 2023-27 period. In parallel, BofA did not expect near-term financial support to fundamentally alter the country's economic outlook, given the substantial public and external debt stocks, the elevated fiscal and external financing needs. In this context, it expected that the government could resort to the restructuring of its debt, given the expected decline in foreign currency reserves in 2022 and large foreign currency amortizations in the 2023-27 period, in the absence of IMF and external financial support.

Source: Bank of America

TURKEY

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Turkey's long- and short-term foreign currency Issuer default Ratings (IDR) at 'BB-' and 'B', respectively, with a 'stable' outlook on the long-term rating. Also, it maintained the Country Ceiling at 'BB-'. It pointed out that the ratings take into account the low levels of the government's debt and deficit, as well as the robust economic growth rates and structural indicators. However, it noted that the ratings reflect the high inflation rate, elevated geopolitical risks, low external liquidity, and weak monetary policy credibility. It indicated that the 'stable' outlook balances the elevated policy uncertainty, the lack of independence at the Central Bank of the Republic of Turkey (TCMB), and the potential for increased expenditures ahead of the general elections scheduled in 2023; against the narrowing of the current account deficit, the higher level of international reserves, and the continuous access of corporations and banks to external financing. The agency pointed out that political considerations limit the ability of the TCMB to increase its policy rates despite the rising inflation rates. It considered that the delays in responding to rising macroeconomic pressures and to the high inflation rate, which has exceeded the official target, reflect the weak credibility of monetary policy. In parallel, it said that it could downgrade the ratings in case macroeconomic risks increase, political or security conditions deteriorate, or the government's debt rises. In contrast, it said that it may upgrade the ratings if external vulnerabilities diminish, the inflation rate declines, the credibility of monetary policy improves, or if geopolitical risks recede.

Source: Fitch Ratings

NIGERIA

Real GDP to grow by 2.3% in 2022-24 period

S&P Global Ratings expected the Nigerian economy to recover in 2021 from the impact of the COVID-19 pandemic and to reach its pre-pandemic level by 2022 as a result of the rebound in activity in the non-oil sector and the increase in global oil prices. However, it pointed out that the persisting pandemic, slow vaccination rates, the change in OPEC+ production rates, and the shortage of foreign currency, will increase risks to economic activity. In parallel, it considered that the tightly managed exchange rate and the high inflation rates constrain the growth of the economy. But it considered that the International Monetary Fund's allocation of Special Drawing Rights to Nigeria and the planned Eurobond issuances would support foreign exchange inflows to the country in 2021. Further, it projected real GDP growth to average 2.3% annually in the 2022-24 period mainly from the increase in global oil prices, given that Nigeria relies heavily on hydrocarbons revenues. Also, it projected the current account deficit to narrow from 4.2% of GDP in 2020 to 1.2% of GDP in 2021, and to reach a surplus of 0.4% in the 2023-24 period as a result of the increase in export revenues. In addition, it anticipated the fiscal deficit to average 4.2% of GDP in the 2021-24 period. It considered that Nigeria's fiscal flexibility is constrained by its low revenues level compared to its regional peers, as well as by elevated interest payments on its debt. It forecast the country's gross external financing needs at 99% of current account receipts and usable reserves in 2021, as well as at 107.6% in 2022, 105.7% in 2023, and 104.5% in 2024.

Source: S&P Global Ratings

AFRICA

SDRs allocation to have limited impact on SSA economies

The Institute of International Finance indicated that Sub-Saharan African (SSA) countries will receive the equivalent of $23bn, or 3.6% of the $639bn in Special Drawing Rights (SDRs) that the International Monetary Fund plans to allocate to the countries that faced economic problems due to the COVID-19 pandemic. It noted that Nigeria and South Africa, the two largest economies in SSA, will benefit the most from the distribution, as they will receive one-third of the region's total allocations, which will leave about $15.6bn to the other 46 countries. Further, it said that the SDRs represent additional reserve assets to SSA countries that will allow them to finance their fiscal deficits. It added that the SDRs allocation will reduce the exposure of SSA's financial systems to their sovereigns, as the banks will hold lower volumes of government securities since it expected sovereign issuances to decrease. But, it noted that the new SDRs could encourage local authorities to delay addressing the long-term fiscal challenges of SSA economies. Also, it considered that the SDRs allocations for the region are relatively small in size and will not have a considerable effect on SSA economies. It noted that the annual external financing needs of most SSA countries are significantly larger than their SDRs allocations, and that SSA economies have Eurobond amortizations of nearly $60bn in the next decade.

Source: Institute of International Finance

QATAR

Banks' ratings benefit from government support

In its periodic review of the ratings of eight banks in Qatar, Moody's Investors Service indicated that Qatar National Bank's (QNB) deposit rating of 'Aa3' is supported by its high levels of asset quality and profitability, solid capitalization and diversified funding, and its geographical expansion. Further, it said that the 'A1' issuer rating of Masraf al Rayan and the 'A1' deposit rating of Qatar Islamic Bank (QIB) are driven by the banks' strong asset quality and stable profitability, but that the rating of Masraf al Rayan is constrained by weakening funding and liquidity. Also, it considered that the 'A2' deposit rating of Dukhan Bank and the 'A2' issuer rating of Qatar International Islamic Bank (QIIB) reflect the banks' solid profitability. It stated that Dukhan Bank's ratings take into account its robust capitalization, while the rating of QIIB reflects its solid solvency profile but is constrained by high borrower and sector concentrations. In parallel, it stated that the 'A3' deposit ratings of Al Khalij Commercial Bank (AKCB) and of the Commercial Bank of Qatar (CBQ) are underpinned by their strong liquidity. It pointed out that AKCB's rating reflects its high level of borrower and sector concentrations, while CBQ's rating is constrained by its weak asset quality. It added that the 'Baa1' deposit rating of Doha Bank (DHBK) is supported by its strong capitalization and adequate liquidity, but that it is offset by weak loan quality and a high cost of risk. Further, it considered that the ratings of QNB, QIB, CBQ, Masraf Al Rayan, DHBK and Dukhan Bank are constrained by significant balance sheet concentrations, while the high level of market funding weighs on the ratings of QIB, CBQ, DHBK, Dukhan and AKCB. Also, the agency indicated that that the banks' ratings benefit from a very high probability of government support in case of need.

Source: Moody's Investors Service

JORDAN

Banks' capital adequacy ratio at 18.3%, NPLs ratio at 5.5% at end-2020

The International Monetary Fund considered that the banking sector in Jordan is still well capitalized and liquid, despite the impact of the COVID-19 shock on the economy and on the financial sector. It said that the sector's risk-weighted capital adequacy ratio reached 18.3% at the end of 2020, unchanged from a year earlier, and exceeds the regulatory minimum of 12%. It added that the Central Bank of Jordan's (CBJ) decision to prohibit banks from distributing dividends in 2020 has supported the banks' capital position, while it considered that the CBJ's permission to pay out dividends in 2021, based on profits recorded in 2020, would not affect the capital position of the banking sector. It noted that the sector's non-performing loans (NPLs) ratio is low, despite increasing from 5% at end-2019 to 5.5% at end-2020, given the extension of the debt deferment period from June 2021 to the end of 2021. It pointed out that the provisions for NPLs increased from 69.5% at the end of 2019 to 70.7% at end-2020, and considered that the impact of the pandemic on the economy will likely take time to materialize on the asset quality of Jordanian banks. In parallel, the IMF called on the CBJ to support the banking sector by maintaining the peg of the Jordanian dinar to the US dollar, and by continuing to monitor the banks' asset quality. It encouraged the CBJ to implement an NPLs resolution mechanism that would require the recapitalization of weaker banks.

Source: International Monetary Fund

BAHRAIN

Banking system outlook remains negative

Moody's Investors Service indicated that the outlook on Bahrain's banking system remains negative, as a result of the sector's rising exposure to government securities and the weakening finances of borrowers due to the impact of the COVID-19 pandemic on the economy. It estimated the exposure of the onshore banking system to government securities at 2.1 times the sector's reported shareholders' equity at the end of 2020. It considered that banks will continue to purchase government debt, which will further increase their exposure to the sovereign. It pointed out that the disruption of economic activity, along with subdued government spending and flat hydrocarbon output, will weigh on business activity, which will increase the volume of non-performing loans (NPLs). It noted that the sector's NPLs ratio stood at 4.7% at the end of 2020, and added that the high concentration of loans to certain borrowers or sectors, which is a common feature of Gulf Cooperation Council banking systems, poses risks to the Bahraini banking sector. Also, it estimated that the full impact of the pandemic on the banks' asset quality will be visible once authorities lift forbearance measures. Further, the agency expected the sector's provisioning needs to remain elevated, which would put pressure on the banks' profitability, as net income regressed from 1.6% of tangible assets in 2019 to 0.9% in 2020. In parallel, it anticipated that the sector's capital levels will remain adequate due to the slow growth in loans. It added that the banking sector has a sound level of funding, as loans accounted for 77% of deposits at end-2020. However, it pointed out that banks have large concentrations of deposits from single depositors and elevated foreign-currency liabilities.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil prices to average $71.3 p/b in fourth quarter 2021

ICE Brent crude oil front month prices reached $72.25 per barrel (p/b) on August 26, 2021 and increased by 10.85% from the month's low of $65.18 p/b on August 20, 2021. The increase in prices came as a result of a fire in an offshore platform in Mexico that reduced oil production by more than 400,000 barrels per day. In parallel, Julius Bär indicated that oil prices declined as a result of an increase in COVID-19 cases from the Delta variant globally, as well as due to the easing of oil production cuts. It expected oil prices to fluctuate around $70 p/b in the short term, and to increase in the long term, adding that oil demand will recover to pre-pandemic levels. In addition. It considered that the production policies of oil producing countries and Iran's potential return to the market are key uncertainties for oil market. It expected that Iran and Venezuela will eventually return to the oil market, which may result in a period of supply surpluses and lower prices. Under its bullish scenario, it anticipated oil prices to reach $80 p/b in the next three to 12 months due to supply constraints. In contrast, in its bearish scenario, it expected prices to reach $50 p/b in the next three to 12 months, as a result of oversupply in the oil market as well as economic setbacks. In parallel, Refinitiv's latest poll of 38 industry analysts forecast crude oil prices to average $72.8 p/b in the third quarter of the year, $71.3 p/b in the fourth quarter of the year, and $68.7 p/b in full year 2021.

Source: Julius Bär, Reuters, Refinitiv, Byblos Research

Global steel output up 12% in first seven months of 2021

Global steel production reached 1.17 billion tons in the first seven months of 2021 and increased by 12.4% from about 1.05 billion tons in the same period of 2020. Production in China totaled 649.3 million tons and accounted for 55.7% of global output in the covered period. India followed with 68 million tons (5.8%), then Japan with 56.1 million tons (4.8%), the U.S. with 49.5 million tons (4.2%), and Russia with 44.9 million (3.8%).

Source: World Steel Association, Byblos Research

Middle East demand for gold bars and coins down 23% in the second quarter of 2021

Net demand for gold bars and coins in the Middle East totaled 8.1 tons in the second quarter of 2021, constituting a decline of 23% from 10.5 tons in the same period of 2020. It accounted for 3.3% of global demand for bars and coins in the covered period. Gold demand in Iran reached 2.5 tons, representing 31% of the region's total demand. Saudi Arabia followed with 2.4 tons (29.6%), then the UAE with 1.4 tons (17.3%), Kuwait with 0.7 tons (8.6%), and Egypt with 0.5 tons (6.2%).

Source: World Gold Council, Byblos Research

OPEC's oil basket price up 2% in July 2021

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $73.53 per barrel (p/b) in July 2021, representing an increase of 2.3% from $71.89 p/b in June 2021. Equatorial Guinea's Zafiro price was at $75.66 p/b, followed by Angola's Girassol at $75.45 p/b, and Nigeria's Bonny Light at $75.37 p/b. All prices in the OPEC basket posted monthly increases of between $0.97 p/b and $3.16 p/b in July 2021..

Source: OPEC

Base Metals: Copper prices at $8,590 per ton in 2022

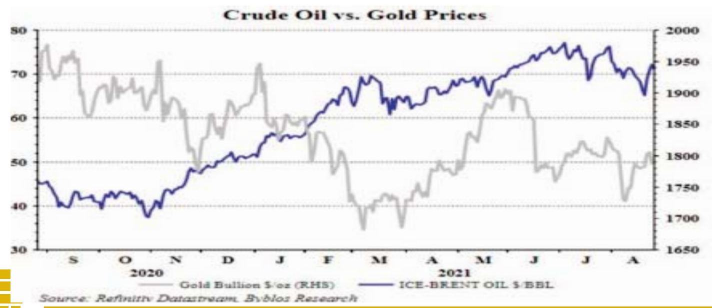
LME copper cash prices averaged $9,165 per ton in the year-to-August 25, 2021 period, constituting a rise of 60.5% from an average of $5,712 a ton in the same period of 2020. The surge in prices was mainly driven by supply disruptions and expectations of robust demand amid the anticipated stronger global economic recovery. Prices dropped from an all-time high of $10,448.5 per ton on May 11 of this year to $9,362.5 a ton on August 25 mainly due to expectations that the U.S. Federal Reserve could tighten its monetary policy faster than expected. In parallel, the latest available figures show that global demand for refined copper was 10.2 million tons in the first five months of 2021, up by 4.4% from the same period of 2020, as the 5% growth in Chinese demand more than offset the 9% decrease in demand from the rest of the world, given that China is the world's largest consumer of the metal. In parallel, global refined copper production grew by 4% to 10.3 million tons in the first five months of the year, as higher output from China, the Democratic Republic of the Congo, the United States and Zambia was partially offset by lower production in Brazil, Chile, Japan, Russia, Spain and Sweden. Further, Standard Chartered Bank projected copper prices to decline from $9,411 per ton in 2021 to $8,590 a ton in 2022.

Source: ICSG, Standard Chartered Bank, Refinitiv

Precious Metals: Gold prices up 6% in year-to August 25, 2021 period

Gold prices averaged $1,803 per troy ounce in the year-to August 25, 2021 period, constituting an increase of 5.6% from an average of $1,707 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 reinforced the appeal of the metal as a hedge against potential inflationary pressure. Further, prices regressed from a recent high of $1,906 per ounce on May 31, 2021 to $1,786.8 an ounce on August 25, due to expectations that the U.S. Federal Reserve could tighten its monetary policy earlier than expected. In parallel, global gold demand totaled 1,833.1 tons in the first half of 2021, down by 10.3% from the same period last year. The drop was due to a decrease of 59.2% in investments in exchange-traded funds (ETFs) and of demand for bars & coins, which was partly offset by a rise of 63% in net purchases by central banks, a surge of 56.6% in jewelry consumption and a growth of 14.2% in demand from the technology sector. Jewelry consumption accounted for 47.7% of gold demand in the covered period, followed by demand for bars & coins and investments in ETFs (25.4%), net purchases by central banks (18.2%), and demand from the technology sector (8.8%). Also, global gold supply rose by 4.3% to 2,308 tons in the first half of 2021, with mine output representing 77.2% of the total.

Source: World Gold Council, 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	Negative	-	Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-	B+								
	-	Stable	Stable	-	Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep	CCC+	Caa1	-	-	CCC								
Congo	Positive	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	A+	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	28-Jul-21	No change	22-Sep-21
Eurozone	Refi Rate	0.00	22-Jul-21	No change	09-Sep-21
UK	Bank Rate	0.10	05-Aug-21	No change	N/A
Japan	O/N Call Rate	-0.10	16-Jul-21	No change	22-Sep-21
Australia	Cash Rate	0.10	03-Aug-21	No change	07-Sep-21
New Zealand	Cash Rate	0.25	18-Aug-21	No change	06-Oct-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	20-Aug-21	No change	20-Sep-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	0.75	26-Aug-21	Raised 25 bps	12-Oct-21
Malaysia	O/N Policy Rate	1.75	08-Jul-21	No change	09-Sep-21
Thailand	1D Repo	0.50	04-Aug-21	No change	29-Sep-21
India	Reverse repo Rate	4.00	06-Aug-21	No change	08-Oct-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	05-Aug-21	No change	16-Sep-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	19.00	12-Aug-21	No change	23-Sep-21
South Africa	Repo Rate	3.50	22-Jul-21	No change	23-Sep-21
Kenya	Central Bank Rate	7.00	28-Jul-21	No change	28-Sep-21
Nigeria	Monetary Policy Rate	11.50	27-Jul-21	No change	21-Sep-21
Ghana	Prime Rate	13.50	26-Jul-21	No change	27-Sep-21
Angola	Base Rate	20.00	02-Jul-21	Raised 450bps	27-Sep-21
Mexico	Target Rate	4.50	12-Aug-21	Raised 25 bps	30-Sep-21
Brazil	Selic Rate	5.25	04-Aug-21	Raised 100bps	N/A
Armenia	Refi Rate	7.00	03-Aug-21	Raised 50bps	N/A
Romania	Policy Rate	1.25	06-Augl-21	No change	05-Oct-21
Bulgaria	Base Interest	0.00	02-Aug-21	No change	01-Sep-21
Kazakhstan	Repo Rate	9.25	26-Jul-21	Raised 25bps	13-Sep-21
Ukraine	Discount Rate	8.00	22-Jul-21	Raised 50bps	09-Sep-21
Russia	Refi Rate	6.50	13-Jul-21	Raised 100bps	10-Sep-21

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