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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Insurers' losses up 4% to $42bn in first half of 2021

Global reinsurer Swiss Re estimated the global economic losses from natural catastrophes and man-made disasters at $77bn in the first half of 2021, constituting a decrease of 33% from $114bn in the same period of 2020, and compared to annual average losses of $108bn in the past 10 years. Economic losses include insured and uninsured losses from catastrophes. Losses from natural catastrophes reached $74bn in the first half of 2021, representing a decrease of 31% from $108bn in the first half of 2020, while losses from man-made disasters stood at $3bn in the first half of the year and declined by 56% from $6bn in the same period of 2020. In addition, losses from natural catastrophes represented 96% of overall losses in the first half of 2021, while those from man-made disasters accounted for 4% of the total. In parallel, the losses of insurers from natural catastrophes and man-made disasters reached $42bn in the first half of 2021, up by 4% from $41bn in the first half of 2020, and compared to annual average losses of $38bn in the past 10 years. The losses of insurers from natural catastrophes stood at $40bn in the first half of 2021 and increased by 13% from the same period last year, while their losses from man-made disasters reached $2bn in the first six months of 2021 and dropped by 59% from $5bn in the same period of 2020. Also, the losses of insurers from natural catastrophes accounted for 95.2% of total insured losses in the first half of 2021, while those from man-made disasters represented 4.8% of the total.

Source: Swiss Re

Nearly 50% of experts expect international tourism to recover by 2024

A survey conducted by the World Tourism Organization among its panel of tourism experts on the impact of the COVID-19 pandemic on tourism activity indicated that 49% of surveyed experts expected the return of international tourism to its pre-pandemic levels in 2024 or beyond, 36% considered that tourism will rebound in 2023, 14% estimated the tourism recovery to take place in 2022, while only 1% anticipated a return to pre-pandemic levels in 2021. Further, the survey revealed that 45% of participants expected the return of international tourism in Africa to pre-pandemic levels in 2023, and 27% anticipated the recovery to take place in 2022, in 2024 or later. Also, the survey showed that 56% of experts worldwide estimated the rebound in tourism in the Americas to take place in 2024 or beyond, 41% projected it to return to pre-pandemic levels in 2023, while 3% considered that tourism will recover in 2022. It added that 56% of experts worldwide estimated the return of international tourism in the Asia & the Pacific region to pre-pandemic levels by 2024 or later, 31% expected the rebound in tourism in 2023 and 14% projected the recovery in 2022. Further, 46% of experts anticipated the return of international tourism in Europe to pre-pandemic levels in 2024 or beyond, 40% expected tourism to recover in 2023 and 13% anticipated the rebound to take place in 2022. Also, 67% of surveyed experts projected international tourism in the Middle East region to return to pre-pandemic levels in 2022, and 33% said tourism in the region will rebound in 2024 or later.

Source: United Nations' World Tourism Organization

Global trade in services contracts by 9% in first quarter of 2021

Figures released by the World Trade Organization (WTO) indicate that global trade in services regressed by 9% in the first quarter of 2021 from the same period in 2020, compared to a contraction of 21% in full year of 2020. It indicated that travel was the most affected sector by the pandemic, as global trade in travel services dropped by 62% in the first quarter of 2021 from the same period last year. However, it added that other services sectors are starting to rebound, such as transport services that returned to their end-2019 level, while trade in other commercial services increased by 6% in the first quarter of 2021. It pointed that the outbreak of COVID-19 continues to affect negatively trade in services, with its impact varying across regions. It stated that the global exports of services contracted by 7% and the global imports of services fell by 10% in the first quarter of 2021 relative to the same quarter last year. It added that the export of services decreased by 13% in North America, followed by Europe (-5%), and Asia (-4%); while the export of services in other regions dropped by 25% in the first quarter of 2021. It also noted that the import of services regressed by 14% in North America in the first quarter of 2021, followed by Asia (-10%) and Europe (-6%); while the import of services declined by 21% in other regions.

Source: World Trade Organization

SAUDI ARABIA

Profits of listed firms up 129% to $62bn in first half of 2021

The cumulative net income of 180 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR232.4bn, or $62bn, in the first half of 2021, constituting an increase of 129% from SAR101.5bn, or $27bn, in the same period of 2020. Listed energy firms generated net profits of $45.6bn and accounted for 73.6% of total earnings in the covered period, basic materials firms followed with $6.4bn (10.3%); listed banks with $6.1bn (10%), telecommunications firms with $1.7bn (2.7%), utilities companies with $1bn (1.7%), firms in the food & beverages industry with $371m (0.6%), healthcare equipment & services providers with $331.6bn (0.5%), insurance companies with $161.2m (0.3%), and capital goods firms with $107.1m (0.2%); while listed companies in other sectors registered net profits of $238.8m (0.4%). In parallel, listed commercial & professional services providers, as well as listed firms in the transportation and consumer services sectors posted aggregate net losses of $73.6m in the covered period. Further, the net earnings of capital good firms increased by 51 times in the first half of 2021 from the same period last year, followed by the net income of banks (+111%), energy companies (+97%), media services firms (+57%), healthcare equipment & services providers (+34%), and telecommunications firms (+4%). In contrast, the net profits of retailers decreased by 92% in the covered period, followed by the net earnings of food & staples retailers (-72.1%), insurers (-42%), the food & beverage industry (-28%), pharmaceuticals, biotech & life sciences companies (-19%), and software & services companies (-6%).

Source: KAMCO

OUTLOOK

JORDAN

Economic recovery to be gradual, downside risks persist

S&P Global Ratings indicated that the Jordanian economy is recovering from the COVID-19 shock, and projected real GDP to expand by 1.4% in 2021, following a contraction of 1.6% in 2020, as economic activity rebounds in most sectors and international travel picks up. It expected the economic recovery to be gradual as it anticipated the lingering effects of the pandemic to continue to weigh on external demand in the near term. But it forecast real GDP growth to accelerate to 2.1% in 2022 and to average 3% in the 2023-24 period, in case authorities implement policy measures to increase the contribution of the private sector and foreign investors in the energy, healthcare, transport, and education sectors. It also encouraged authorities to step up efforts to implement their IMF-supported reform agenda.

In parallel, the agency expected the government to step up fiscal consolidation efforts, despite increased social spending. It projected the fiscal deficit at 2.7% of GDP in 2021 and 1.2% of GDP in 2022, in case authorities address tax evasion, reform the special economic zones, and limit broader tax exemptions. It forecast the fiscal balance to shift to a surplus starting in 2023, but anticipated contingent liabilities from state-owned enterprises to weigh on public finances in the near to medium terms. Also, it forecast the public debt level to rise from 89.7% of GDP at the end of 2020 to a peak of 95% of GDP at end-2022, and to start declining afterwards. Further, it projected the net accumulation of the government debt, a key measure of fiscal performance, to average about 3.9% of GDP in the 2021-24 period, reflecting the economy's sluggish performance in the 2021-22 timeframe, which will be offset by recovering growth and fiscal outcomes in the following two years. It expected wide current account deficits and weak foreign direct investments to increase Jordan's external indebtedness and financing needs. It anticipated the external debt to exceed liquid public and financial sector external assets and to be equivalent to 74% of current account receipts on average during the 2021-24 period. Also, it forecast Jordan's gross external financing needs to be equivalent to an average of 184% of current account receipts plus usable reserves in the 2020-22 period.

Source: S&P Global Ratings

OMAN

Economic recovery to accelerate in medium term

The International Monetary Fund expected Oman's economy to gradually rebound from the COVID-19 outbreak and anticipated the economic recovery to accelerate in the medium term. It projected real non-hydrocarbon GDP to grow by 1.5% in 2021 and by 2.3% next year, following a contraction of 3.9% in 2020, as the vaccine's rollout gradually restores domestic activity along with the recovery of external demand. Also, it forecast real hydrocarbon output to expand by 3.5% this year and by 3.6% in 2022. As such, it projected real GDP to expand by 2.5% in 2021 and by 2.9% in 2022 relative to a contraction of 2.8% last year. It identified significant downside risks to the outlook, including substantially lower global oil prices, as well as the emergence of COVID-19 variants that would prolong the pandemic and weigh on activity in most sectors. Also, it anticipated tighter global financial conditions to aggravate the country's fiscal and external positions.

In parallel, the IMF welcomed the authorities' commitment to implement the Medium-Term Fiscal Balance Program to contain public expenditures, reduce the dependence of public revenues on oil prices, and to put the public debt level on a downward path. Also, it encouraged authorities to establish a clear fiscal anchor that would help achieve fiscal consolidation and improve governance in the public sector. It projected the fiscal deficit to narrow from 12% of GDP in 2020 to 2.4% of GDP in 2021, and forecast the fiscal balance to turn into a surplus in 2022, in case of a recovery in hydrocarbon receipts and if authorities implement fiscal adjustment measures. It expected the authorities to finance the deficits through external debt issuances and to increasingly rely on domestic borrowing and the drawdown of public assets. Also, it projected the public debt level to decline from 81.2% of GDP at the end of 2020 to 64.5% at end-2022, and considered that the public debt level is vulnerable to risks, such as the volatility in oil prices, shocks to GDP growth, as well as fluctuations in the exchange rate and in interest rates. Further, it forecast the current account deficit to narrow from 8.7% of GDP in 2020 to 1.4% of GDP in 2022, in case of higher global oil prices and lower imports. It expected foreign currency reserves at the Central Bank of Oman to reach $16bn at end-2022.

Source: International Monetary Fund

ARMENIA

Economic growth projected at 6.5% in 2021 and 4.5% in 2022

The International Monetary Fund considered that Armenia's economy is strongly rebounding from the COVID-19 shock and is coming out of a deep recession in 2020. It projected real GDP to grow by 6.5% in 2021 and 4.5% in 2022, supported mainly by strong external and domestic demand. It expected the economy to benefit from the authorities' sustained efforts to advance fiscal and structural reforms, including those outlined in the new government's program. It considered that there are significant downside risks to the outlook that include geopolitical tensions, a slowdown in external demand, and heightened global financial market volatility. Also, it anticipated that a new wave of coronavirus infections could pose risks to the outlook and urged authorities to accelerate the vaccination program. Further, it expected the inflation rate to start moderating in the second half of 2021, as the temporary impact of imported food inflation and of the depreciation of the Armenian dram dissipates.

In parallel, the IMF indicated that the fiscal deficit narrowed in the first half of 2021 due to the economic recovery and stronger public revenue collections, and to a gradual scaling down of public spending. It considered that maintaining a credible medium-term fiscal framework is critical to the resilience of public finances and economic growth. It added that this would help authorities achieve their objective of reducing the public debt level to less than 50% of GDP over the medium term. Further, it expected robust exports and strong remittance inflows to narrow the current account deficit despite the recovery in domestic activity. It also anticipated foreign currency reserves to increase in 2021, supported by the recent IMF allocation of Special Drawing Rights. In addition, the IMF urged authorities to fast-track policy priorities.

Source: International Monetary Fund

ECONOMY & TRADE

WORLD

Outlook on reinsurance sector revised to 'stable'

Moody's Investors Service revised from 'negative' to 'stable' its outlook on the global reinsurance sector, due to the agency's expectations that the increase in the price of reinsurance amid a global economic rebound will support reinsurers' earnings in 2022. It said that the expected global economic recovery is fueling demand for primary insurance, mainly commercial insurance, which is in turn raising demand for reinsurance. It added that the prices of property reinsurance coverage are surging, reflecting natural catastrophe losses and a re-evaluation of the impact of less severe catastrophes; while casualty prices are high because of strong demand, rising loss costs, and low investment yields. In addition, the agency anticipated the COVID-19 outbreak to weigh on the earnings of large multiline reinsurers in 2021, due to higher-than-expected mortality claims. It said that the pandemic has prompted reinsurers to take a more prudent approach to managing systemic risk, including communicable diseases, cyber events and climate change. Further, it expected the earnings of reinsurers to improve in 2022, but to remain vulnerable to claims inflation and catastrophes, partly due to climate change. It also anticipated low interest rates to limit the sector's overall return on capital, which it estimates to be low relative to the risks that reinsurers bears. In parallel, Moody's indicated that the sector's capitalization is solid, with solvency ratios well above regulatory threshold. It expected the sector's capital metrics to remain resilient in a range of stress scenarios, which would support the reinsurers' credit profiles.

Source: Moody's Investors Service

EGYPT

Sovereign ratings affirmed, outlook 'stable'

Capital Intelligence Ratings (CI) affirmed Egypt's long-term foreign and local currency ratings at 'B+', with a 'stable' outlook on the ratings. It indicated that the ratings reflect the relative resilience of the economy, moderate external indebtedness, adequate level of foreign currency reserves, and the authorities' willingness to resume fiscal reforms. However, it noted that the ratings are constrained by a weak budget structure, an elevated public debt level, high socioeconomic imbalances, significant institutional challenges and geopolitical risks, and by the increase in the real effective exchange rate. It said that the 'stable' outlook balances the agency's expectations that reforms and international financial assistance will improve Egypt's fiscal and external positions, against elevated economic and political vulnerabilities. It added that it would change the outlook to 'positive' if the public debt level decreases or if the authorities implement structural reforms to reduce socioeconomic vulnerabilities, to encourage the private sector's participation in economic activity, and to enhance growth. But it said that it would revise the outlook to 'negative' if foreign exchange reserves decline, financing risks increase, the budget deficit widens, or if access to international markets tightens.

Source: Capital Intelligence Ratings

BAHRAIN

Gross financing needs to reach 11% of GDP in 2024

Barclays Capital indicated that Bahrain's gross fiscal funding needs have remained elevated despite a long history of generous bailouts from its Gulf Cooperation Council peers. It noted that the $10.25bn financial bailout of 2018, which is equivalent to 27% of the country's GDP, has been almost entirely exhausted. It added that after the government receives this year's $1.85bn tranche, only $2.1bn of disbursements will remain for the 2022-23 period, which will fall short of the upcoming external debt maturities. It said that the 2018 bailout package was critical to increase the Central Bank of Bahrain's foreign currency reserves to 20% of broad money supply, but it considered that the package focused more on funding than on structural reforms. As such, it noted that, despite a strong front-loaded fiscal adjustment, the bailout did not stabilize the public debt level, while the fiscal deficit remained wide at 7% GDP in 2020 and forecast the deficit to remain wider than 6% of GDP through 2025. It cautioned that the country's limited buffers, including its low foreign currency reserves, are set to face rapidly increasing gross financing requirements in coming years. It projected the government's gross financing needs, net of GCC disbursements and excluding domestic debt maturities, to increase from 4.9% of GDP in 2021 to 6.3% in 2022, 8% of GDP in 2023 and 11% of GDP in 2024 when GCC transfers will be depleted.

Source: Barclays Capital

ANGOLA

Sovereign ratings upgraded, outlook 'stable'

Moody's Investors Service upgraded Angola's long-term foreign and local currency issuer ratings from 'Caa1' to 'B3', with a 'stable' outlook on the ratings. Also, it upgraded the foreign currency country ceiling from 'Caa1' to 'B3'. It attributed its decision to the amelioration of the country's sovereign credit profile relative to similarly-rated peers. It said that the 'stable' outlook balances the improvement in the government's fiscal metrics, the ongoing implementation of fiscal reforms and higher oil prices, against an elevated government debt burden and the rapid global transition to reducing reliance on hydrocarbons. Further, it anticipated the government's debt to decline gradually in coming years, supported by the recovery in oil prices and a stable exchange rate. It expected the government debt's level to regress from 122% of GDP in 2020 to 95% of GDP in 2021, to less than 80% of GDP in 2023, and to 60% of GDP by 2025. It added that the country will continue to benefit from debt restructuring by some bilateral lenders in 2021 and 2022. It projected the current account balance to exceed 5% of GDP in 2021 and to remain in surplus in the near to medium terms, due in part to the rebound in oil prices and to the structural reduction in the import bill. It expected Angola's external position to strengthen in the coming years, in case of a recovery in oil prices and a relatively stable exchange rate. In parallel, the agency noted that it could downgrade the ratings if lower oil prices or a depreciation of the exchange rate slow down the decline in the public debt level, or in case authorities reverse their fiscal consolidation efforts. In contrast, it said that it may upgrade the ratings if fiscal metrics improve, if liquidity and funding risks recede, if foreign exchange reserves increase, and if the non-oil sector's growth rate accelerates.

Source: Moody's Investors Service

BANKING

WORLD

Central banks experimenting with digital currencies

Moody's Investors Services indicated that the Bank of International Settlements, along with the central banks of Singapore, Australia, Malaysia and South Africa, started testing central bank digital currencies (CBDC) for cross-border settlements. It said that the aim of using CBDCs is to execute faster, cheaper and more secure cross-border payments and settlements between financial institutions. It noted that this is the first time that the BIS is testing with other central banks multiple CBDCs in a single platform for cross-border settlements. It noted that it is uncertain if additional central banks will use the same platform to test digital currencies in coming years. However, it considered that the usage of CBDCs will affect negatively the banking sector, particularly commercial banks, since digital payments have low fees and commissions and because banks generate significant revenues from cross-border transactions. It indicated that, globally, banks generated about $230bn in revenues from cross-border transactions in 2019 and that banks charge around 6.4% on average on the transfer of outward remittances. Further, it stated that the BIS expects that the results of this project will guide the development of global and regional platforms for more efficient cross-border payments.

Source: Moody's Investors Service

UAE

Extension of support measures cushioning banks' asset quality and profitability

S&P Global Ratings indicated that economic activity in the UAE is recovering from the sharp recession of 2020, but added that the shock will reverberate through the banking sector for some time. It noted that the Central Bank of the UAE implemented a targeted economic support scheme to help ease pressure on companies that asked banks to defer loan repayments for struggling companies and retail clients, provided banks with liquidity, and required banks to not classify exposures as non-performing loans if the borrowers suffered from cash flow pressures related to the pandemic. It considered that the plan has allowed banks to gradually build sufficient provisions against affected sectors, which has tempered the pandemic's impact on their asset quality and on the cost of risk. It expected the banks' cost of risk to regress from 167 basis points in 2020 to 140 bps in 2021 but to remain above historical levels, and anticipated non-performing loans to peak in 2022. It noted that the banks' cost of risk will moderate in 2021 because of the improved macroeconomic environment and the extension of the support program until June 2022. In parallel, it anticipated lending related to the World Expo, and borrowing by the government and by government-related entities, to drive lending growth. It also expected corporate borrowing to improve slightly because some of the deferred capital expenditures in 2020 may be executed this year, along with the refinancing of existing debt. Further, it expected the profitability of UAE banks to improve slightly, with their return on equity reaching 8% in 2022, as the cost of risk declines from its peak in 2020 and as they continue to focus on cost efficiencies. It noted that lower interest rates for a long period of time implies that banks will remain less profitable than before the pandemic.

Source: S&P Global Ratings

TURKEY

Banking sector has elevated asset quality risks

Fitch Ratings indicated that the robust loans collection by Turkish banks and their significant restructured loans have continued to support their asset quality metrics. It noted that the average non-performing loans (NPLs) ratio of the 13 largest Turkish banks decreased in the second quarter of 2021 to 4.2% at the end of June due to the renegotiation of loans in distress. It added that the restructured loans accounted for 5.7% of the banks' gross loans on average at end-June 2021 compared to 5.2% at end-March 2021. In addition, it mentioned that the cost of risk regressed by 130 basis points in the second quarter of 2021, due to the decrease in the NPLs ratio. It pointed out that the ratio of net fees to operating expenses reached 51% in the first half of 2021 and increased by 6 percentage points from the same period last year. It noted that the increase in the net fees income reflects the sector's significant business volume. Also, it considered that the banks' asset quality risks remain high since the banks are exposed to a challenging operating environment, to volatile market conditions, to foreign currency risks and to the significant depreciation of the Turkish lira, due to the sector's high level of foreign currency lending. Further, it indicated that the banking sector's foreign currency deposits represented 55% of total deposits at the end of June 2021, compared to 50% a year earlier. But, it considered that inflationary pressures and the weak confidence in the lira could trigger a further increase in the dollarization rate of deposits.

Source: Fitch Ratings

TUNISIA

Banks' credit profiles affected by operating

In its periodic review of the ratings of four Tunisian banks, Moody's Investors Service indicated that the 'B3' long-term local currency deposit rating of Banque de Tunisie (BdT) is underpinned by sound capital buffers and profitability, as well as by cautious risk management, relative to other Tunisian banks. But, it said that the bank's elevated pressure on asset quality and low liquidity are weighing on its rating. Further, it considered that the 'B3' long-term local currency deposit ratings of Amen Bank and Arab Tunisian Bank (ATB) are constrained by their weak asset quality. It stated that moderate profitability and capital buffers, as well as a tight liquidity profile, are weighing on the rating of Amen Bank. It pointed out that the rating of ATB balances the bank's sound liquidity buffers due to a stable deposit funding base, with high credit concentrations, low profitability that is driven by a high cost of risk, a weak capital position and high asset risks. It noted that the 'Caa1' long-term deposit rating of Société Tunisienne de Banque (STB) is constrained by the bank's high level of non-performing loans, low profitability, weak loss-absorption capacity, tight funding profile, and weak internal audit and reporting systems. Also, it said that some recourse to funding from Banque Centrale de Tunisie is weighing on the ratings of STB, Amen Bank and BdT. Moreover, the agency indicated that the ratings of STB and Amen Bank benefit from a very high probability of government support in case of need, while ATB's rating is moderately supported by the bank's parent Arab Bank PLC. It added that the ratings of ATB and BdT do not incorporate any government support uplift.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil prices to average $74 p/b in fourth quarter of 2021

ICE Brent crude oil front month prices reached $75.46 per barrel (p/b) on September 15, 2021, constituting an increase of 3.4% in the first half of September. The rise in prices was mainly driven by expectations of robust demand amid the anticipated stronger global economic recovery. The increase in oil prices led the State Bureau of Grain and Material Reserves of China to announce that China will release crude oil from its national strategic reserve in an attempt to reduce oil prices, since the country is suffering from high inflation rates as a result of elevated commodity prices. Further, according to the U.S. Bureau of Safety and Environment Enforcement, almost 70% of energy firms on the U.S. Gulf coast resumed their activity more than two weeks after the damages to their oil infrastructure from Hurricane Ida. In parallel, Citi Research indicated that the decision of the OPEC+ coalition at its meeting on September 1 to increase oil output, came after the negative effects of Hurricane Ida on U.S. oil production. It pointed out that the current recovery in oil demand could further lead to a rise in oil prices in the fourth quarter of 2021. Moreover, it anticipated that Russia, Saudi Arabia and the U.S. may increase their oil production in 2022. But it considered that the potential return of Iran, Libya and Venezuela to the oil market could lead to the increase of global oil supply by 1.6 million barrels per day in 2022. Further, it revised its oil price forecast for the fourth quarter of 2021 to $74 p/b from $78 p/b. Also, it anticipated oil prices to average $69 p/b in full year 2021, $67 p/b in 2022, $55 p/b in 2023, $52 p/b in 2024, and $51 p/b in 2025 and in 2026.

Source: Citi Research, Refinitiv, Reuters, Byblos Research

OPEC's oil basket price down 4.4% in August 2021

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $70.33 per barrel (p/b) in August 2021, representing a decrease of 4.4% from $73.53 p/b in July 2021. Saudi Arabia's Arab Light price was $ 71.36 p/b, followed by Nigeria's Bonny Light at $ 71.23 p/b, and Kuwait Export at $71.06 p/b. All prices in the OPEC basket posted monthly decreases of between $2.64 p/b and $5.25p/b in August 2021.

Source: OPEC

Libya's oil & gas receipts at $11.6bn in first seven months of 2021

Libya's oil and gas revenues totaled $11.6bn in the first seven months of 2021, constituting an increase of 219% from $3.64bn in the same period of 2020. Oil and gas receipts reached $2bn in July, constituting a decrease of 4.2% from $2.1bn in the preceding month and a surge of 53.6 times from $38.3m in July 2020.

Source: National Oil Corporation, Byblos Research

Angola's oil export receipts up 11% to $981m in July 2021

Oil exports from Angola reached 33.3 million barrels in July 2021, nearly unchanged from 33.4 million barrels in June 2021 and a decline of 3.7 million barrels (-10%) from the same month in 2020. The country's oil export receipts totaled KZ637.2bn or $981.5m in July 2021, and increased by 11.2% from KZ572.9bn ($881m) in June 2021. They grew by 206.3% from KZ208bn ($365m) in July 2020.

Source: Angola's Ministry of Finance

Base Metals: Aluminum prices to average $2,474 per ton in 2021

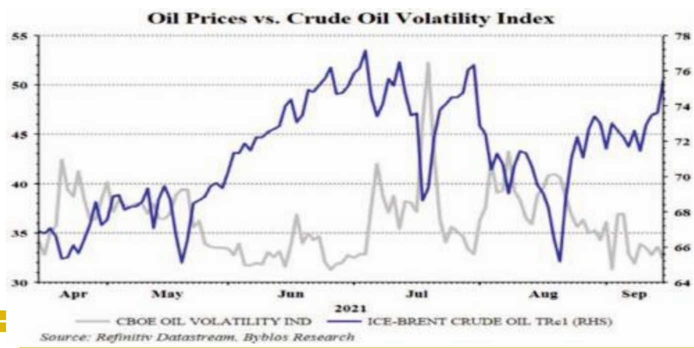
The LME cash price of aluminum averaged $2,352 per ton in the year-to-September 15 period, constituting a surge of 44.5% from an average of $1,627 a ton in the same period of 2020. The rise in prices was mainly due to concerns about supply tightness amid China's commitment to reduce carbon emissions through production cuts in the aluminum industry, to strong demand for the metal, decreasing LME-registered inventories, and improved prospects of a global economic recovery. Further, prices reached $2,916 per ton on September 10, 2021, their highest level in 13 years, mainly due to tight supply conditions and declining inventories of the metal in China, the world's biggest producer of aluminum, as well as to an increase in the prices of raw materials used in the production of refined aluminum. In parallel, Standard Chartered Bank indicated that the recent increase in aluminum prices points to strong demand as economies globally recover, while supply disruptions have been rising due to increased scrutiny of energy and emissions targets that have constrained the production of aluminum in China. In this context, Citi Research expected the consumption of global refined aluminum to increase by 6.7% in 2021 and by 4% in 2022. Also, it projected aluminum prices to average $2,474 a ton in 2021, $3,013 per ton in 2022, and $3,150 per ton in 2023.

Source: Standard Chartered Bank, Citi Research, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $1,206 per ounce in 2021

Platinum prices averaged $1,130 per troy ounce in the year-to-September 15, 2021 period, constituting an increase of 31% from an average of $863 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, platinum prices moderated last week due to weak industrial demand for commodities, as well as to the outbreak of the Delta variant of the coronavirus in major economies worldwide. In parallel, Standard Chartered Bank indicated that chip shortages in the automotive sector, as well as concerns about slowing growth prospects globally, have reduced investments in platinum-backed exchange traded funds, which weighed on platinum prices. As such, 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



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+	B3	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	A+	AA-								
	Negative	Stable	Negative	Stable	Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD	C	C	SD	CCC								
	-	-	-	-	Negative	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	B+	Ba3	BB-	BB	BB-								
	Stable	Negative	Negative	Negative	Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA-	Aa3	AA-	AA-	A+								
	Stable	Stable	Stable	Stable	Negative	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A-	A1	A	A+	A+								
	Stable	Negative	Negative	Stable	Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-	C								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-	AA-								
	-	Stable	Stable	Stable	Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	-	-	-	-	CC								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	S&P	Moody's	Fitch	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												
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	09-Sep-21	No change	28-Oct-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	07-Sep-21	No change	05-Oct-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	08-Sep-21	No change	27-Oct-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	09-Sep-21	No change	03-Nov-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	22-Sep-21
Armenia	Refi Rate	7.25	14-Sep-21	Raised 25bps	N/A
Romania	Policy Rate	1.25	06-Augl-21	No change	05-Oct-21
Bulgaria	Base Interest	0.00	01-Sep-21	No change	01-Oct-21
Kazakhstan	Repo Rate	9.25	26-Jul-21	Raised 25bps	13-Sep-21
Ukraine	Discount Rate	8.50	09-Sep-21	Raised 50bps	21-Oct-21
Russia	Refi Rate	6.75	10-Sep-21	Raised 25bps	22-Oct-21

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