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BYBLOS BANK SAL

Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt equivalent to 353% of GDP at end-June 2021

The Institute of International Finance indicated that the global debt level, which includes the debt of governments, companies and households, reached $296 trillion (tn) at the end of June 2021, constituting an increase of 2.5% from $288.7tn at the end March 2021 and a rise of 9.3% from $270.9tn at end-June 2020. The debt of developed markets accounted for 69% of global debt, while the debt of emerging markets (EM) represented the remaining 31%. It noted that the debt level was equivalent to 353.4% of global GDP at the end of June 2021 compared to 351.6% of GDP a year earlier. It pointed out that the debt of non-financial corporates reached $86.2tn, or 98.6% of global GDP, at the end of June 2021, followed by government debt with $85.7tn (104.6% of GDP), financial sector indebtedness with $68.8tn (84.7% of GDP), and household debt with $55.3tn (65.5% of GDP). In parallel, it indicated that EM non-financial corporate debt totaled $38.6tn or 101.5% of GDP, followed by EM government borrowing at $22.5tn (62.4% of GDP), EM household debt at $17.1tn (46% of GDP), and financial sector indebtedness at $13.3tn (36.3% of GDP). Further, it pointed out that the debt of developed markets increased from $193.1tn, or 415.2% of GDP, at end-June 2020, to $204.5tn or 417.5% of GDP at the end of June 2021. Also, the debt level of EMs grew from $77.8tn, or 245% of GDP, at end-June 2020 to $91.5tn, or 246.2% of GDP, at the end of June 2021.

Source: Institute of International Finance

UAE

Earnings of Abu Dhabi firms up 51%, profits of Dubai firms up 54% in first half of 2021

The net income of 65 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED24.4bn, or $6.6bn, in the first half of 2021, constituting an increase of 50.8% from AED16.2bn, or $4.4bn, in the same period of 2020. Listed banks generated net profits of $2.4bn and accounted for 36.3% of the total earnings of publicly-listed firms in the covered period. Energy firms followed with $1.2bn (18.5%), then telecommunications firms with $1.1bn (15.9%), consumer goods companies $750.6m (11.3%), investment & financial firms with $549m (8.3%), real estate companies with $327.2m (4.9%), services providers with $153.7m (2.3%), insurers with $138.9m (2.1%), and industrial firms with $26.4m (0.4%). In parallel, the cumulative net income of 58 companies listed on the Dubai Financial Market that published their financials totaled AED14.7bn, or $4bn, in the first half of 2021, constituting an increase of 53.8% from AED9.5bn or $2.6bn in the same period of 2020. Listed banks generated net profits of $2.1bn, or 53.2% of net earnings in the covered period. Real estate & construction firms followed with $927m or 24% of the total, then transportation companies with $234.4m (5.9%), insurers with $156.9m (3.9%), industrial firms with $145.8m (3.7%), telecommunications companies with $134.7m (3.4%), services providers with $127.6m (3.2%), investment & financial services firms with $90.4m (2.3%), and consumer staples firms with $13.6m (0.3%).

Source: KAMCO

MENA

M&A deals at $14bn in second quarter of 2021

Figures released by S&P Global show that there were 242 merger & acquisition (M&A) deals in the Middle East & Africa for a total of $14bn in the second quarter of 2021. The number of transactions increased by 12.6% from 215 deals in the first quarter of 2021 and rose by 75.4% from 138 deals in the same period of 2020, while the amount of transactions declined by 28.6% from $19.6bn in the first quarter of 2021 and decreased by 32% from $20.6bn in the same period of last year. The distribution of transactions shows that the amount of M&A deals in the industrial sector reached $4.4bn in the second quarter of 2021 and accounted for 31.4% of the region's aggregate deal value. The real estate sector followed with M&A deals of $2.7bn (19.3%), then the consumer discretionary sector with $1.4bn (10%), the communication services sector with $1.1bn (7.8%), the consumer staples sector with $839.4m (6%), the information & technology sector with $786m (5.62%), the financial sector with $783.7m (5.6%), the energy sector with $702.4m (5%), the materials sector with $331m (2.4%), the healthcare sector with $284m (2%) and the utilities sector with $6.2m (0.04%). In parallel, it noted that there were 43 deals in the information and technology sector or 17.8% of the aggregate number of deals in the second quarter of 2021, followed by the industrial sector with 33 deals (13.7%), the consumer discretionary sector with 28 deals (11.6%), the financial sector with 22 deals (9.1%), the materials sector with 21 deals (8.7%), the healthcare sector with 19 deals (7.8%), the communication & services sector with 18 deals (7.4%) and the consumer staples sector with 17 deals (7%).

Source: S&P Global

Arab economies trail global trends in terms of innovation

The INSEAD 2021 Global Innovation Index rated the UAE as the 33rd most innovative country globally and the most innovative Arab country. Saudi Arabia followed in 66th place, then Qatar (68th), Tunisia (71st), Kuwait (72nd), Oman (76th), Morocco (77th), Bahrain (78th), Jordan (81st), Lebanon (92nd), Egypt (94th), Algeria (120th) and Yemen (131st). The index is a composite of 80 variables that are grouped in two sub-indices. The Innovation Input Sub-Index consists of an economy's institutions, human capital & research, infrastructure, and market and business sophistication; while the Innovation Output Sub-Index reflects the results of innovative activities within the economy, such as technology, knowledge and creativity. The average score of the 13 Arab countries included in the survey reached 28.3 points compared to 27.5 points in 2020, and was below the global average of 34.3 points. The average score of Gulf Cooperation Council (GCC) countries was 32.4 points, while the average of non-GCC Arab countries stood at 24.8 points. Further, the rankings of seven Arab countries improved, three regressed and three were unchanged, while the scores of 11 Arab countries increased and two declined from the 2020 index. Also, the Arab region's average score was higher than the average scores of South Asia (25.7 points) and Sub-Saharan Africa (22.1 points).

Source: INSEAD, Cornell University, WIPO, Byblos Research

GCC

Economic activity to expand by 5% in 2022

The UAE-based Emirates NBD Bank considered that the decision of the OPEC+ group to reverse production cuts that it implemented in 2020 and in the first quarter of 2021 would support real oil GDP growth and overall economic activity in oil exporting countries of the Gulf Cooperation Council (GCC).

It expected oil production in Saudi Arabia to rise from 9.4 million barrels per day (b/d) at the end of July 2021 to 10 million b/d by the end of this year. As such, it projected real hydrocarbon GDP to retreat by 1% in 2021 compared to a previous forecast of a contraction of 2.5% for the year. Also, it revised upwards from 4% to 5% its projection for growth in the Saudi non-hydrocarbon sector in 2021, on the back of a faster-than-expected rebound in economic activity in the second quarter of the year and a stronger-than-anticipated growth in private sector credit and consumer spending so far this year. As such, it projected the Kingdom's real GDP to grow by 2.5% in 2021, up from a previous forecast of a 1.3% growth rate for the year. Also, it anticipated oil production in the UAE to increase from 2.75 million b/d at end-July 2021 to 2.9 million b/d by the end of this year. As a result, it projected real hydrocarbon GDP to retreat by 2% in 2021 compared to a previous forecast of a contraction of 3.5% for the year, supported by higher investments in the oil sector. Also, it anticipated activity in the UAE's non-hydrocarbon sector to expand by 3.5% in 2021, and projected economic activity to grow by 1.9% in 2021, up from a previous forecast of a 1.5% growth rate for the year.

It forecast double-digit growth rates in crude oil output for the major GCC oil exporters and significantly higher overall real GDP growth in these countries next year, in case oil production increases through 2022. As such, it projected real GDP growth in the GCC region to accelerate from 2.3% in 2021 to 5.1% in 2022, based on more conservative oil production forecasts.
Source: Emirates NBD Bank

SUDAN

Additional debt relief contingent on reforms momentum

The Institute of International Finance considered that the Sudanese authorities' ongoing implementation of reforms, as well as the large debt relief extended by the International Monetary Fund and the World Bank, will lead to the gradual improvement of the economy. It projected real GDP to grow by 1% in 2021, 2.7% in 2022 and 3.8% in 2023, and expected investments and net exports to be the main drivers of the recovery. However, it anticipated the sharp devaluation of the official exchange rate and fiscal consolidation to constrain private and public consumption, and to limit the extent of the economic rebound. Further, it forecast the inflation rate to decline from an average of 340.2% in 2021 to averages of 80.5% in 2022 and 42.5% in 2023, mainly due to expectations of a narrower fiscal deficit and higher official grants, which would reduce the need for the authorities to monetize the deficit.

In parallel, it indicated that the successful unification of the exchange rates has raised the economy's competitiveness and is facilitating fiscal consolidation, narrowing the current account deficit, and improving governance, in addition to moving more transactions to the formal sector. It added that the Sudanese authorities are stepping up fiscal consolidation efforts, and projected the fiscal deficit at 4.5% of GDP in 2021, 2.4% of GDP in 2022 and 2.1% of GDP in 2023 As such, it forecast the public debt level to decline from 202.4% of GDP at the end of 2020 to 85.4 % of GDP at the end of 2021, supported by debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative, and to regress to 81% of GDP in 2022 and 79% of GDP in 2023. Also, it expected the country's external debt to decrease from $56.5bn or 160.4% of GDP at the end of 2020, to $31.1bn or 80.6% of GDP at the end of 2021 and to 78% of GDP at end-2022. It considered that if Sudanese authorities step up their reforms efforts, the country has the potential to reach the HIPC Completion Point by June 2024, which would lead to further debt relief and reduce Sudan's public external debt to about $6bn in present value terms.

Further, the IIF projected the current account deficit to narrow from 16.6% of GDP in 2020 to 9% of GDP this year, supported by the surge in the exports of gold, as well as by higher remittance inflows and grants from official sources. As a result, it forecast foreign currency reserves at the Central Bank of Sudan to reach $628m or 0.6 months of import coverage at end-2021, and $993m or one month of imports at the end of 2022.
Source: Institute of International Finance

ANGOLA

Real GDP growth at 2.5% to 3% in medium term

Barclays Capital anticipated that Angola's economy will face further headwinds from the authorities' decision to tighten monetary policy and raise the policy rate by 450 basis points in July 2021 amid surging inflation rate, as well as from a slow pace of vaccination against the coronavirus. It projected the economy to grow by 0.5% this year following a contraction of 5.2% in 2020. It expected economic activity to expand by 2% in 2022, and for growth to accelerate to 2.5% in 2023, if authorities ease monetary policy and in case the country reaches herd immunity against the coronavirus. It forecast real GDP growth at between 2.5% and 3% in the medium term, in case of a rebound in non-hydrocarbon activity and a rise in oil production.

In parallel, it expected authorities to commit to a disciplined fiscal policy and for public finances to benefit from higher global oil prices. As such, it projected the fiscal balance to shift from a deficit of 1.7% of GDP in 2020 to a surplus of 2.3% of GDP in 2021, and anticipated the surplus to reach 2.5% of GDP by 2023. As a result, it forecast the public debt level to decline from 135% of GDP at the end of 2020 to 103.2% of GDP at end-2021, supported by high inflation rates that would boost nominal GDP, and to reach 72.4% of GDP by end-2023.

Further, it projected the current account surplus to increase from 1.3% of GDP in 2020 to 5.5% of GDP in 2021, in case of higher oil prices, and expected the surplus to average 3.2% of GDP annually in the 2022-23 period. As such, it forecast net international reserves to rise from $8.8bn at the end of 2020 to $10.5bn at end-2021, supported by the IMF's new Special Drawing Rights allocation of $1bn, and a final disbursement of $0.7bn under the current IMF program that will expire at the end of 2021.
Source: Barclays Capital

ECONOMY & TRADE

WORLD

Global GDP growth at 5.8% in 2021 and 4.5% in 2022

The Organization for Economic Cooperation and Development (OECD) indicated that global economic growth has picked up in 2021, supported by the deployment of COVID-19 vaccines and the resumption of economic activity in several sectors as containment measures largely eased in many countries. It stated that global GDP growth has exceeded its pre-pandemic level, reflecting a rise in demand worldwide, a decrease in household savings and a decline in the global unemployment rate. Also, it projected global real GDP to grow by 5.7% in 2021 and 4.5% in 2022. However, it noted that output and employment gaps remain in many countries, particularly in emerging markets and developing economies where vaccination rates are low. In addition, it considered that the resumption of global economic activity and the rise in commodity prices have increased inflationary pressures globally. In parallel, under its upside scenario, the OECD expected global real GDP growth to reach 6.25% in 2022 if the vaccination rate accelerates worldwide. In contrast, under its downside scenario, it anticipated that a slower vaccination rate could reduce global GDP growth to less than 3% in 2022 and further increase the global unemployment rate. It noted that macroeconomic policy support remains necessary, as the near-term outlook is still uncertain and labor markets in general have not yet recovered from the pandemic.

Source: OECD

EGYPT

External funding needs at $58bn until end of 2023

Barclays Capital indicated that foreign direct investments (FDI) in Egypt have mainly targeted the hydrocarbon sector, which has limited the financing of external imbalances to less than 2% of GDP annually. It added that the country's widening external funding needs have led the Central Bank of Egypt to focus on attracting capital inflows to the domestic debt market, given the rebound in imports and lower tourism receipts. It projected Egypt's external funding gap, excluding deposits from Gulf Cooperation Council countries, at $58bn through the end of 2023. As such, it anticipated Egypt to remain highly reliant on investor sentiment in order to issue external debt and to attract inflows to the local debt market. It expected the mining sector to benefit from an increase in FDI inflows in coming years, as the recent discoveries of gold resources could raise foreign appetite to invest in the sector, which could also reduce pressures on the country's external balance. In parallel, S&P Global Ratings indicated that Egypt's macroeconomic strategy has kept real interest rates (RIR) elevated in order to encourage capital inflows, to accumulate foreign exchange reserves and to stabilize the exchange rate. However, it pointed out that Egypt's interest payments relative to its GDP are among the highest of rated sovereigns. It considered that authorities could reduce RIRs while maintaining sufficient capital inflows if they improve the country's fiscal position and its economic growth rate. It pointed out that Egypt must increase investor confidence in its economic model, boost the country's growth rates and fiscal position, as well as develop its non-oil exports to prevent the widening of its current account deficit and the decline of its foreign currency reserves.

Source: Barclays Capital, S&P Global Ratings

JORDAN

Upgrade of sovereign ratings contingent on reducing external imbalances

S&P Global Ratings indicated that Jordan's long- and short-term foreign and local currency sovereign credit ratings of 'B+' and 'B', respectively, are supported by potential international assistance in case of need, as well as by financial and technical support from the International Monetary Fund as part of the Extended Fund Facility program. It added that the sizable surpluses at the social security fund generally offset central government deficits and support the country's overall fiscal position. In parallel, the agency noted that the 'stable' outlook on the long-term ratings balances its expectations that donor funding will continue to support the government's financing needs and to maintain low debt-servicing costs, against the risk of a weaker-than-anticipated fiscal performance in the next 12 months. It considered that Jordan's economy is recovering, and added that authorities are implementing reforms in the energy sector and are stepping up efforts to improve investments and competitiveness, which could support longer-term growth prospects. Moreover, S&P said that it could upgrade the ratings if pressure on Jordan's external imbalances ease and foreign investments increase, which would support foreign currency reserves, or if the net public debt level significantly declines, or in case economic growth prospects improve. In contrast, it said that it may downgrade the ratings in case of an increase in the public debt level, which would weaken the government's ability to stabilize public finances, or if the government's funding sources become scarce.

Source: S&P Global Ratings

GHANA

Ratings constrained by weak public finances

S&P Global Ratings indicated that Ghana's long- and short-term foreign and local currency sovereign credit ratings of 'B-' and 'B', respectively, are supported by Ghana's economic growth prospects with real GDP growth projected to average 5% in the 2021-24 period, as well as by the country's stable political environment. However, it stated that the ratings are constrained by the country's weak public finances, the volatility of its exchange rate, the high risk of its debt sustainability, and the increase in debt servicing and the widening of its fiscal deficit. In parallel, it noted that the 'stable' outlook on the long-term rating balances the country's medium term economic growth against its high fiscal and external risks. Also, it noted that Ghana's fiscal financing is dependent on non-resident financial flows, with foreign investors holding about 20% of the government's domestic debt as of May 2021, which is equivalent to 7.7% of its GDP. It added that a change in investor sentiment could lead to non-resident financial outflows, which would put further pressure on the exchange rate and the public debt dynamics. Further, it forecast the country's gross external financing needs at 125.5% of current account receipts and usable reserves in 2021, as well as at 126.7% of such reserves in 2022 and 128.7% in 2023. Moreover, it said that it could upgrade the ratings if the government implements fiscal consolidation measures that would improve the country's public finances. In contrast, it said that it may downgrade the ratings if the country's foreign exchange reserves decrease, or if its fiscal or current account deficits widen.

Source: S&P Global Ratings

BANKING

WORLD

Central banks experimenting with digital currencies

S&P Global Ratings indicated that central bank digital currencies (CBDCs) aim to fulfill basic functions of traditional currencies, since they will have an effective store of value and means of exchange. It pointed out that technological innovation and the growing interest in digital money have encouraged central banks to explore using CBDCs. It added that more than three quarters of central banks around the world are engaged in research related to digital currencies and that a number of countries began to experiment with the utilization of CBDCs, while other countries are expected to test the currency in the next few years. It stated that some emerging markets have moved beyond experimenting with digital currencies, as the Bahamas launched its Sand Dollar in October 2020 and China started its CBDC pilot project. It considered that the development of crypto currencies and other digital money could affect the monetary policy stance of many central banks globally, which would allow the latter to respond to potential economic crisis through the usage of CBDCs. Also, it said that CBDCs could help, in general, in the implementation of fiscal policy by smoothing and accelerating the process of distribution and collection of public revenues to and from individuals and companies. It noted that the application of CBDCs will place an additional operational burden on central banks, and anticipated that the adoption of CBDCs might reduce revenues from certain banking activities.

Source: S&P Global Ratings

OMAN

Capital adequacy and liquidity coverage above regulatory requirements

The International Monetary Fund considered that the banking sector in Oman is well-capitalized, liquid and profitable despite the impact of the COVID-19 pandemic on the economy and on the financial sector, as well as elevated credit risk environment. It said that the sector's capital adequacy ratios was 18.5% and the liquidity coverage ratio was 199% at end-March 2021, which is comfortably above the regulatory minimum. Also, it noted that the sector's non-performing loans (NPLs) ratio increased from 3.5% in 2019 to 4.2% in March 2021, given the extension of the debt deferment period to September 2021. It considered that deferred payments, which amounted to 6.2% of outstanding bank credit at end-March 2021, along with the restructuring of loans, could hide the deterioration in asset quality. It pointed out that provisions were equivalent to 100% of NPLs at end-March 2021. Further, it stated that the banks' return on assets regressed from 1.4% in 2019 to 0.9% in 2020 due to weaker economic activity, lower oil prices, loan deferments, and provisioning charges. But it noted that the banks' capital buffers are adequate to mitigate modest credit growth. Moreover, it said that the banks' claims on government and state-owned enterprises increased rapidly from 10% to 19% of total assets during 2014-2020 period. In parallel, the IMF stated that the Central Bank of Oman reduced the ceiling of the banks' foreign assets from 75% of their total assets to 50%, in order to reduce their credit exposure to non-resident clients.

Source: International Monetary Fund

NIGERIA

Agency takes rating actions on six banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDR) of Access Bank, Zenith Bank, United Bank for Africa (UBA), Guaranty Trust Bank (GTB), and Bank of Industry (BOI) at 'B', and the IDR of First Bank of Nigeria (FBN) and its holding company FBN Holdings (FBNH) at 'B-'. It also upgraded the National long-term rating of Bank of Industry from 'AA+(nga)' to 'AAA(nga)'. In addition, the agency maintained the 'negative' outlook on the rating of FBN and FBNH due to weak corporate governance and capitalization, while it kept the 'stable' outlook on the other banks' IDRs. It pointed out that the ratings of Access Bank, Zenith Bank, UBA, GTB and FBN and FBNH are supported by their standalone credit profiles, as reflected by their Viability Ratings (VRs). It added that the IDR of the state-owned Bank of Industry mirrors Nigeria's sovereign rating and incorporates a potential probability of support from the government in case of need. In parallel, the agency affirmed the VRs of Access Bank, Zenith Bank, UBA, and GTB at 'b', and the VR of FBN and FBNH at 'b-'. Further, it pointed out that weak profitability and capitalization metrics are weighing on Access Bank’s rating. It indicated that the rating of Zenith Bank reflects the latter’s strong domestic franchise, profitability, capitalization, funding structure and liquidity coverage. Also, it noted that the rating of UBA is supported by strong funding and liquidity. It stated that GTB’s rating takes into account solid financial metrics. However, the agency said that it may downgrade the IDRs of Access Bank, Zenith Bank, UBA and GTB in case it downgrades the sovereign ratings, or if the banks' ratio of impaired loans exceeds 10%, which could put pressure on their regulatory capital buffers.

Source: Fitch Ratings

MOROCCO

Banks' ratings benefit from stable funding

In its periodic review of the ratings of four Moroccan banks, Moody's Investors Service indicated that the 'Ba1' long-term deposit ratings of Attijariwafa Bank (Attijariwafa), Groupe Banque Centrale Populaire (GBCP), and Bank of Africa (BOA) benefit from a very high probability of government support in case of need, given the banks' importance to the domestic financial system. It said that the 'Ba1' long-term deposit rating of Crédit du Maroc (CdM) reflects the high probability of support from the bank's parent Credit Agricole S.A. and does not incorporate any government support uplift, as the adjusted baseline credit assessment (BCA) of the bank is at the same level as Morocco's 'Ba1' sovereign rating. Further, it pointed out the 'ba1' BCA of CdM is underpinned by sound capitalization and profitability, as well as by stable funding and liquidity. Also, it stated that Attijariwafa's BCA of 'ba3' is driven by the bank's solid profitability, high liquidity, and stable funding. Further, it noted that GBCP's 'b1' BCA reflects the bank's sound profitability, strong liquidity and stable funding, but it added that its modest capital base constrains the rating. Also, it pointed out that the 'b1' BCA of BOA balances the bank's sound profitability, stable funding and high liquidity, against the bank's weakening asset quality and modest core capitalization. It stated that elevated risks from high credit concentrations and growing operations in Sub-Saharan African countries are weighing on the ratings of Attijariwafa and GBCP.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil prices at $71 p/b in fourth quarter of 2021

ICE Brent crude oil front month prices reached $76.19 per barrel (p/b) on September 23, 2021, increasing by $1.83 p/b or by 2.4% from $74.36 p/b a day earlier, and by 6.6% from $71.45 p/b, the lowest price reached this month. The increase in prices is driven by the expectations of a rise in worldwide oil demand amid the anticipated global economic recovery from the COVID-19 pandemic, as travel restrictions eased globally. Also, it reflects the reduction in global oil output since, according to the U.S Bureau of Safety and Environment Enforcement, almost 16.2% of energy firms on the U.S. Gulf coast remain closed, more than three weeks after Hurricane Ida caused damages to their oil infrastructure. In parallel, the U.S. Energy Information Administration (EIA) expected global oil demand to decrease in the final months of 2021 due to the outbreaks of the Delta variant of the coronavirus in major economies. As such, it anticipated oil prices to average $71 p/b in the fourth quarter of 2021. Also, it expected that the increase in oil output by the OPEC+ coalition would lead to a decline of oil prices to an average of $66 p/b in full year 2021. In addition, it revised downwards its forecast of OPEC's oil production from an average of 26.3 million b/d to 26.4 million b/d in 2021. Further, it anticipated that several OPEC producers would limit their oil output in 2022 to maintain the balance in the oil market. In parallel, Refinitiv's latest crude oil price poll of 43 industry analysts anticipated oil prices to average $71.99 p/b in the third quarter of 2021 and $70.73 p/b in the fourth quarter of the year. In addition, it expected oil prices to average $68.02 p/b in 2021, $68.26 p/b in 2022, $66.92 p/b in 2023 and $65.96 p/b in 2024.

Source: EIA, Refinitiv, Reuters, Byblos Research

OPEC oil output up 0.6% in August 2021

The members of the Organization of Petroleum Exporting Countries, based on secondary sources, produced 26.8 million barrels of oil per day (b/d) on average in August 2021, constituting a marginal increase of 0.6% from 26.6 million b/d in July 2021. Saudi Arabia produced 9.5 million b/d, or 35.4% of OPEC's total output, followed by Iraq with 4 million b/d (15.2%), the UAE with 2.8 million b/d (10.4%), Iran with 2.5 million b/d (9.3%), and Kuwait with 2.4 million b/d (9.1%).

Source: OPEC

ME&A's oil demand to expand by 5% in 2021

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 12.26 million barrels per day (b/d) in 2021, which would constitute an increase of 5.4% from 11.63 million b/d in 2020. The region's demand for oil would represent 23.6% of demand in non-OECD countries and 12.7% of global consumption this year.

Source: OPEC

Angola's oil export receipts down 8% to $905m in August 2021

Oil exports from Angola reached 35 million barrels in August 2021, constituting an increase of 1.7 million barrels from July 2021, but they were nearly unchanged from 35.04 million barrels in the same month in 2020. The country's oil export receipts totaled KZ588bn or $905.1m in August 2021, and decreased by 8.2% from KZ637.2bn ($981.5m) in July 2021. They grew by 276% from KZ155.6bn ($265.1m) in August 2020.

Source: Angola's Ministry of Finance

Base Metals: Nickel prices up 38% in year-to September 22, 2021 period

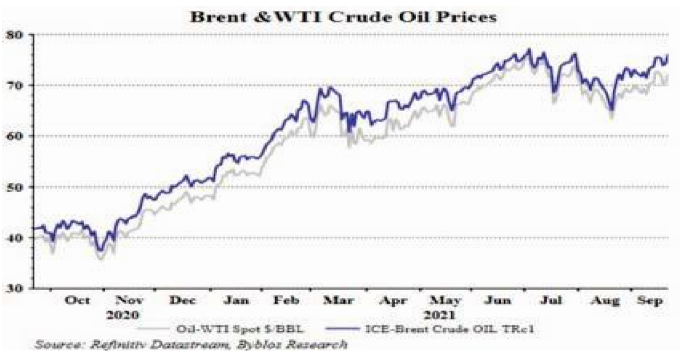
The LME cash prices of nickel averaged $17,987 per ton in the year-to-September 22, 2021 period, constituting an increase of 38.2% from an average of $13,033 a ton in the same period of 2020. Prices peaked at $20,427 per ton on September 10, 2021, their highest level in nine years, driven by expectations of lower nickel inventories and by higher demand for the metal, mainly from producers of stainless steel that consume large quantities of nickel, as well as concerns about a ban on ore exports in Indonesia. In parallel, Citi Research projected the total refined supply of nickel at 2.74 million tons in 2021 relative to 2.58 million tons in 2020. Further, it forecast global demand for the metal at 2.8 million tons in 2021 compared to 2.46 million tons last year. It indicated that any significant disruptions to Indonesian exports could tip the nickel market into deficit. As a result, Citi forecast nickel prices to reach $19,000 per ton in the fourth quarter of 2021, mainly due to expectations of lower supply of the metal in Indonesia in the near term. Also, it anticipated seasonal trends, limits on the production capacity of steel, and weaker demand from the construction sector to weigh on demand for stainless steel. It added that this, in turn, would affect the demand and price of nickel. Still it forecast nickel prices to rise from $18,310 per ton in 2021 to $18,875 per ton in 2022.

Source: Citi Research, Refinitiv, Byblos Bank

Precious Metals: Gold prices to average $1,820 per ounce in 2021

Gold prices averaged $1,803 per troy ounce in the year-to-September 22, 2021 period, constituting an increase of 4.1% from an average of $1,732 an ounce in the same period last year. The rise in the metal's price was mainly due to accelerating inflation rates and declining real interest rates globally, which led to higher investment demand for gold and reinforced the appeal of the metal as a hedge against potential inflationary pressure. Further, prices regressed from a recent high of $1,906 per ounce on May 31, 2021 to $1,777 an ounce on September 22, due to expectations that the U.S. Federal Reserve could tighten its monetary policy earlier than expected. In parallel, Standard Chartered Bank considered that the increase in gold prices is mainly due to lower real U.S. interest rates, as well as to concerns about the rebound in economic activity in the United States, which resulted in higher inflows into gold-backed exchange traded funds and led to higher gold prices. As such, it projected prices to average $1,850 per ounce in the fourth quarter of 2021, and $1,800 an ounce in the first quarter of 2022. Also, it forecast gold prices to increase by 1% annually to $1,820 per ounce in 2021, to decline by 4% to $1,731 an ounce in 2022, and to reach $1,600 per ounce in 2023.

Source: Standard Chartered Bank, 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 (%)
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	LT Foreign currency rating 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	22-Sep-21	No change	N/A
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	22-Sep-21	No change	28-Oct-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	23-Sep-21	No change	16-Dec-21
Canada	Overnight rate	0.25	08-Sep-21	No change	27-Oct-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	22-Sep-21	No change	20-Oct-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	23-Sep-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	16-Sep-21	No change	28-Oct-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	18.00	23-Sep-21	Cut 100bps	21-Oct-21
South Africa	Repo Rate	3.50	23-Sep-21	No change	18-Nov-21
Kenya	Central Bank Rate	7.00	28-Jul-21	No change	28-Sep-21
Nigeria	Monetary Policy Rate	11.50	17-Sep-21	No change	23-Nov-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	6.25	22-Sep-21	Raised 100bps	N/A
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	9.50	13-Sep-21	Raised 25bps	25-Oct-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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