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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global merchandise trade to grow by 11% in 2021

The World Trade Organization (WTO) projected the volume of global merchandise trade to expand by 10.8% in 2021 compared to a contraction of 5.3% in 2020, and forecast merchandise trade growth to slow down to 4.7% in 2022. It estimated the volume of merchandise exports in Asia to increase by 14.4% in 2021, followed by Europe (+9.7%), North America (+8.7%), South & Central America (+7.2%), Africa (+7%), the Middle East (+5%), and the Commonwealth of Independent States (CIS) (+0.6%). In parallel, it expected the volume of merchandise imports to rise by 20% in South & Central America in 2021, followed by the CIS (+13.8%), North America (+12.6%), Africa (+11.3%), Asia (+10.7%), the Middle East (+9.3%), and Europe (+9.1%). It noted that the positive short-term outlook on trade is limited by regional disparities and ongoing weaknesses in trade in services, as well as by lagging vaccination timetables, especially in low-income countries. It anticipated that global merchandise trade will recover to its pre-pandemic level in 2022 due to the global economic rebound. But it cautioned that new waves or variants of the coronavirus could rapidly weaken the recovery in global trade activity.

Source: World Trade Organization

International tourist arrivals down 80% in first seven months of 2021

Figures released by the United Nations World Tourism Organization show that countries worldwide posted a decline of 110 million in international tourist arrivals in the first seven months of 2021, constituting a drop of 40% from the number of tourist arrivals in the same period of 2020, and a contraction of 677 million visitors (-80%) from the first seven months of 2019. It stated that global tourist arrivals in advanced economies and in emerging economies retreated by 42% and 38.7%, respectively, in the first seven months of 2021 from the same period of 2020, as well as by 82% and 78.8%, respectively, from the first seven months of 2019. It added that tourist arrivals to the Asia & the Pacific region plunged by 95% in the first seven months of 2021 from the same period in 2019, followed by a decline of 82% in arrivals to the Middle East, to Europe and Africa (-77% each), and to the Americas (-68%). In parallel, it said that global tourist arrivals reached 54 million in July 2021, constituting an increase of 59% from 34 million tourists in July 2020 and a decrease of 67% from 164 million tourists in July 2019. It attributed the rise in international tourist arrivals in July 2021 to the easing of travel restrictions, as well as to the strong rollout of the anti COVID-19 vaccine globally. It pointed out that international tourist arrivals dropped by 77% and 67% in June and July 2021, respectively, from the corresponding months in 2019.

Source: United Nations World Tourism Organization

MENA

Level of economic freedom varies in Arab world

The Fraser Institute's Index of Economic Freedom for 2021 indicated that Jordan ranked in 50th place among 165 countries worldwide and in first place among 21 Arab countries. Bahrain followed in 65th place, then the UAE (68th), Qatar (81st), and Saudi Arabia (91st) as the five countries with the highest level of economic freedom in the Arab world, while Yemen (155th), Syria (158th), Algeria (162nd), Libya (163th) and Sudan (164th) had the lowest level of economic freedom in the region. The index evaluates individual economies on the basis of 42 variables that are divided into five broad factors of economic freedom that measure the Size of Government, Legal System & Property Rights, Access to Sound Money, Freedom to Trade Internationally, and the Regulation of Credit, Labor & Business. The rankings of 12 Arab countries improved, two regressed and seven were unchanged from the 2020 index, while the scores of 11 Arab countries improved, six declined and four were unchanged from the previous survey. Jordan ranked first on each of the Access to Sound Money and the Regulation of Credit, Labor & Business categories. Also, the UAE came in first place on the Freedom to Trade Internationally category. Further, Sudan ranked first on the Size of Government category, while Saudi Arabia came in first place on the Legal System & Property Rights category.

Source: Fraser Institute, Byblos Research

QATAR

Profits of listed firms up 28% to $5.5bn in first half of 2021

The net income of 48 companies listed on the Qatar Stock Exchange totaled QAR20.6bn, or $5.5bn, in the first half of 2021, constituting an increase of 28.3% from QAR16bn, or $4.3bn, in the same period of 2020. Banking & financial services providers generated net profits of $3.4bn in the first half of the year and accounted for 62% of the earnings of publicly-listed firms. Industrial companies followed with $1.4bn, or 25% of the total, then transportation firms with $319m (5.7%), consumer goods & services providers with $248.5m (4.5%), real estate companies with $228.3m (4.1%), and insurers with $156m (2.8%). Further, the net earnings of listed industrial companies grew by 201% in the first half of 2021, followed by providers of consumer goods & services (+155%), transportation companies (+23.2%), and banking & financial services providers (+13%). In contrast, the net income of real estate firms decreased by 0.8% in the covered period. Also, earnings of insurers switched from aggregate losses of $35m in the first half of 2020 to profits of $577.7m in the same period of 2021; while earnings of telecommunication firms shifted from aggregate profits of $889.5m in the first half of 2020 to losses of $822.1m in the covered period of 2021.

Source: KAMCO

OUTLOOK

WORLD

Economic recovery to vary across regions

The International Monetary Fund considered that the global economy is recovering, and projected global real GDP to expand by 5.9% in 2021, constituting a marginal downward revision from its July forecast of 6% growth for the year, and by 4.9% in 2022. It projected real GDP in advanced economies to grow by 5.2% in 2021 relative to its July projection of a 5.6% expansion, as it expected weaker-than-previously anticipated economic activity in Germany, Japan and the United States this year. Also, it projected economic activity in emerging markets & developing economies to expand by 6.4% this year compared to a previous forecast of a growth rate of 6.3%, mainly due to stronger activity in the economies of Emerging & Developing Europe. It added that the divergence in the forecasts for advanced economies and emerging markets & developing economies reflects the varying levels of fiscal stimulus and the large disparities in the access to the coronavirus vaccine in those countries.

The IMF projected real GDP in Emerging & Developing Asia to grow by 7.2% in 2021, mainly due to growth rates of 8% and 9.5% in China and India, respectively, and to expand by 6.3% next year. It expected economic activity in Latin America & the Caribbean to grow by 6.3% this year and by 3% in 2022, and forecast the real GDP of Emerging & Developing Europe to expand by 6% in 2021 and by 3.6% next year. Further, it anticipated the real GDP of the Middle East & North Africa and Sub-Saharan Africa regions region to grow by 4.1% and 3.7% in 2021, respectively, as well as by 4.1% and 3.8% in 2022, respectively

The Fund considered that risks to global prospects are tilted to the downside. It anticipated that the emergence of more transmissible COVID-19 variants that could prolong the pandemic and worsen its intensity, and faster-than-anticipated monetary tightening that would lead to tighter external financial conditions, could set back the economic recovery in emerging markets & developing economies and weigh on global economic growth.
Source: International Monetary Fund

MENA

Non-hydrocarbon sectors activity to pick up to 3.5% in 2022, downside risks persist

The Institute of International Finance indicated that economic activity in the oil exporting countries of the Middle East & North Africa (MENA) region is gradually recovering, and projected real non-hydrocarbon GDP to grow by 3.3% in 2021 and 3.5% in 2022, following a contraction of 3.2% in 2020, supported mainly by stronger domestic demand. It forecast real GDP in Gulf Cooperation Council (GCC) countries to grow by 2.1% in 2021 and 4.6% in 2022, following a contraction of 4.9% last year, in case of higher global oil and gas prices and production, progress in the rollout of the coronavirus vaccine, the resumption of domestic activity, and the implementation of deeper structural reforms. Also, it projected the real GDP of Algeria, Iraq and Iran to expand by 2.8% this year and by 3.9% next year, relative to a contraction of 3% in 2020. It considered that downside risks to the growth outlook of MENA oil exporters include delays in the rollout of the vaccine, new variants of the coronavirus that would hinder the recovery of the services sector, as well as a slowdown in the authorities' momentum to implement reforms.

In parallel, the IIF forecast the GCC's aggregate fiscal deficit to narrow from 9.9% of GDP in 2020 to 0.1% of GDP in 2021, and expected the fiscal balance to shift to a surplus of 1% of GDP next year, supported by continued modest fiscal consolidation efforts and higher oil and gas export receipts. Also, it projected the fiscal deficit of non-GCC oil exporters to narrow from 7% of GDP in 2020 to 1.3% of GDP this year and 1.6% of GDP in 2022. In addition, it expected the fiscal breakeven oil prices of the region's oil exporters to decline in 2022, mainly in Algeria, Oman, Qatar and Saudi Arabia, due in part to the additional increase in non-oil receipts and the recovery of oil and gas exports. Further, it forecast the aggregate current account balance of MENA oil-exporting countries to shift from a deficit of $6bn in 2020 to surpluses of $165bn and $138bn in 2021 and 2022, respectively, in case oil prices average $71 per barrel (p/b) this year and $66 p/b next year. It projected the current account surplus of GCC economies at 8.9% of GDP in 2021 and 7.7% of GDP in 2022, and expected the net public foreign assets of GCC countries to rise to about 170% of their GDP, by end-2022. It also forecast the aggregate current account balance of non-GCC oil exporters to post surpluses of 2.8% of GDP in 2021 and 0.9% of GDP in 2022.
Source: Institute of International Finance

IRAQ

Economic growth to average 7% annually in 2022-23 period, outlook subject to downside risks

The World Bank indicated that the prospects of Iraq's economy have improved due to the recovery in global oil markets, but it considered that the spread of new COVID-19 variants and a drop in oil prices constitute significant headwinds to the country's outlook. It projected real GDP to grow by 2.6% in 2021 and by 6.8% in the 2022-23 period, following a contraction of 15.7% in 2020. It attributed the rebound in economic activity to higher global oil prices and more limited oil production cuts under the OPEC+ agreement and expected the oil sector to be the main driver of growth in the medium term. Also, it forecast real non-hydrocarbon growth to recover but to remain under 3% on average in the 2021-23 period, due to the impact of the new Delta variant on economic activity, as well as to water and electricity shortages that would affect the agriculture and industrial sectors. It noted that key downside risks to the outlook include the evolution of the pandemic, the volatility of oil prices, a slowdown in the authorities' momentum to implement economic reforms, and deteriorating security conditions. Also, it anticipated that the devaluation of the Iraqi dinar of about 18.5% against the US dollar that took place in December 2020 would increase the inflation rate from 0.6% in 2020 to 7.5% in 2021, due to the economy's limited capacity for import substitution.

In parallel, it indicated that the government's reforms of the customs and tax administration reforms have resulted in a surge in public revenues. Also, it projected the fiscal balance to shift from a deficit of 6.5% of GDP in 2020 to surpluses of 1.5% of GDP in 2021 and 4% of GDP in 2022. It also forecast the public debt level to regress from 64.5% of GDP at end-2020 to 55% of GDP at end-2021, and to reach 42.5% of GDP by end-2023. Further, it anticipated the current account balance to shift from a deficit of 5.8% of GDP in 2020 to surpluses of 4.8% of GDP in 2021 and 5.9% of GDP in 2022, amid the devaluation of the dinar and in case of higher oil export receipts.
Source: World Bank

TUNISIA

Sovereign ratings downgraded on weak governance and debt affordability

Moody's Investors Service downgraded Tunisia's long-term foreign- and local-currency issuer ratings from 'B3' to 'Caa1'. It also lowered the country's foreign and local currency country ceiling from 'B3' to 'B2' and from 'Ba3' to 'B1', respectively, and maintained the 'negative' outlook on the long-term ratings. It indicated that the long-term foreign currency sovereign ratings are seven notches below investment grade. It attributed the downgrade to the country's weak governance, elevated liquidity risks, rising debt burden and weak debt affordability. It added that the ratings are constrained by weak public institutions, the growing public sector wage bill, and by the challenging political and social environment. It added that the ratings on the country ceiling reflect the persistent external imbalances and reliance on foreign inflows, which increase the transfer and convertibility risks for companies operating in the country. It also considered that the heightened uncertainties regarding the government's capacity to implement fiscal and economic reforms are increasing pressures on the country's access to financial markets. In parallel, it indicated that the 'negative'outlook reflects Tunisia's large external imbalances and the decline in its foreign currency reserves. It noted that it would change the outlook to 'stable' if the government implements economic and fiscal measures that would put the public debt on a downward or stable path, or if the country meets its upcoming debt service payments in the next few years. In contrast, it said that it would downgrade the ratings if external vulnerabilities increase, access to international markets tightens, or if the debt burden rises more than the agency's expectations.

Source: Moody's Investors Service

ALGERIA

Growth to rebound to 3.2% in 2021-22 period

The Institute of International Finance considered that Algeria's economy is recovering significantly in 2021 from the COVID-19 shock and the sharp drop in global oil prices. It projected real GDP to expand by 3.2% in 2021 following a contraction of 4.9% in 2020, supported by the substantial increase in natural gas prices and production, as well as by the progress in the vaccination roll-out and healthcare measures that the authorities put in place. It expected real hydrocarbon growth at 5.7% in 2021, following a contraction of 10.2% last year, amid expectations of an 8% increase in gas production this year. Also, it forecast activity in the non-hydrocarbon sector to grow by 2.8% in 2021 relative to a contraction of 3.9% in 2020. It projected economic growth to stabilize at 3.2% in 2022, and noted that authorities are stepping up efforts to attract foreign direct investments. In parallel, the IIF anticipated Algeria's fiscal deficit to narrow from 10.3% of GDP in 2020 to 1.6% of GDP this year, supported by higher hydrocarbon receipts. Also, it projected the current account balance to shift from a deficit of 12.8% of GDP last year to a surplus of 0.7% of GDP in 2021, due to higher hydrocarbon export receipts. As such, it forecast foreign currency reserves to rise from $48.9bn at the end of 2020 to $52.8bn at the end of 2021. Further, the IIF considered that authorities nerd to implement comprehensive fiscal, monetary, and exchange rate policies to reduce the country's vulnerability to the volatility of oil and natural gas prices.

Source: Institute of International Finance

ARMENIA

Agency assigns sovereign ratings of 'B+/B', outlook 'positive'

S&P Global Ratings assigned to Armenia long- and short-term foreign and local currency sovereign credit ratings of 'B+' and 'B', respectively, with a 'positive' outlook on the long-term ratings. It also assigned a transfer and convertibility assessment of 'BB-'. It indicated that the long-term foreign currency ratings are four notches below investment grade. It noted that the ratings are supported by the country's sound economic growth rates, its credible monetary policy framework, its continuous access to external funding sources, and by the authorities' commitment to fiscal consolidation. It pointed out that the ratings are constrained by the country's low income level, large external financing needs, weak public finances, high external debt levels, and elevated debt servicing. It stated that the 'positive' outlook reflects Armenia's prospects for continued strong economic growth in the next two to three years and the country's robust fiscal position. In parallel, it forecast the country's gross external financing needs at 111.3% of current account receipts and usable in 2022, as well as at 109.6% in 2023 and 109.3% of such reserves and receipts in 2024. It said that it could upgrade the ratings if the country sustains its strong economic performance, if authorities step up structural reform efforts, or if the external debt decreases more than expected. In contrast, it said that it might downgrade the ratings if real GDP growth does not pick up or if the external debt level rises beyond the agency's expectations. In parallel, it attributed the difference between the transfer and convertibility assessment and the country's sovereign ratings to its expectations that the authorities will not impose capital and foreign exchange controls that would prevent or materially impede the private sector's ability to convert local currency into foreign currency and to transfer them to non-resident creditors.

Source: S&P Global Ratings

BAHRAIN

Sovereign ratings downgraded on weakening public finances

Capital Intelligence Ratings (CI) downgraded Bahrain's long-term foreign and local currency sovereign ratings from 'BB-' to 'B+', and revised the outlook from 'negative' to 'stable'. It attributed the downgrade to the country's weak public finances, including wide budget deficits, rising public debt levels, large financing needs and elevated debts servicing. It noted that the ratings are constrained by the country's external vulnerabilities and by its modest foreign currency reserves. In contrast, it pointed out that ratings are supported by the country's high GDP per capita and diversified economy compared to its regional oil exporting peers. Moreover, it attributed the outlook revision to the agency's assumption that sufficient financial support from Gulf Cooperation Council peers could cover the country's financing needs, and to the authorities' efforts to implement fiscal consolidation measures. In parallel, CI noted that it would change the outlook to 'positive' if the government implements fiscal reforms that would narrow its budget deficit and put its public debt level on a downward path. But it said that it would revise the outlook to 'negative' in the next 12 months if the budget deficit widens, the public debt level rises, or if access to international markets tightens.

Source: Capital Intelligence Ratings

SAUDI ARABIA

Banks have sound capital and liquidity buffers

Fitch Ratings indicated that the Saudi authorities' support measures, as well as strong loan growth of 19% in 2020 and 15% the first half of 2021, limited the impact of the COVID-19 pandemic on the asset quality and financial profiles of Saudi banks. It noted that the improvement in the banks' operating environment resulted in the decline in their loan impairment charges from 1% of average gross loans in 2020 to 0.8% at end-June 2021, despite the increase in Stage 2 and Stage 3 loans last year. Still, it considered that loan deferrals and regulatory forbearance measures until the end of September 2021 mask the true impact of the deterioration in the banks' asset quality, but it expected this impact to be limited, especially at retail-focused banks due to the strong origination of low-risk retail mortgages. In parallel, the agency indicated that the banking sector's capital metrics are sound, as the banks' aggregate average Common Equity Tier 1 ratio stood at 18.1% at end-June 2021, despite high credit growth and the challenging operating environment. It did not expect the banks' capital buffers to significantly weaken in the near term, as the recovery in the banking sector's profitability would support the banks' internal capital generation. Further, it expected the withdrawal of the Saudi Central Bank's support deposits to be gradual and manageable for banks, and considered that the sector will continue to benefit from a high proportion of low-cost stable customer deposits, deepening capital markets, and generally high government deposits.

Source: Fitch Ratings

UAE

Agency takes rating actions on nine banks

Capital Intelligence Ratings affirmed the long-term foreign currency ratings (FCR) of Emirates NBD (ENBD) and Abu Dhabi Commercial Bank (ADCB) at 'A+', the rating of Al Masraf at 'A', the FCRs of National Bank of Ras-Al-Khaimah (RAKBank), National Bank of Fujairah (NBF) and National Bank of Umm Al Qaiwain (NBQ) at 'A-', the ratings of Bank of Sharjah (BOS) and Commercial Bank International (CBI) at 'BBB+', and the FCR of Invest Bank at 'BBB-'. In addition, the agency affirmed the Bank Standalone Rating (BSR) of ADCB at 'bbb+', the ratings of ENBD, Al Masraf, RAKBank, NBF and NBQ at 'bbb', the BSR of CBI at 'bbb-', the rating of BOS at 'bb+', and the rating of Invest Bank at 'bb-'. It also maintained the 'stable' outlook all the ratings. It pointed out that the ratings of ENBD, ADCB, NBF and NBQ are supported by the banks' strong capitalization and sound liquidity, while RAKBank's rating reflects the bank's solid profitability, resilient capital buffers and good asset quality. It stated that the rating of Al Masraf is driven by the bank's adequate profitability and solid funding base. In parallel, it considered that the ratings of CBI, BOS and Invest Bank are constrained by a high level of non-performing loans. It noted that a weak asset quality due to the impact of the coronavirus outbreak is weighing on CBI's rating, and that the rating of BOS is constrained by weak capital buffers and modest profitability. The agency indicated that the ratings of the nine banks benefit from a high probability of government support in case of need. It expected that the gradual economic recovery from the pandemic will have a positive impact on the banking sector's financials in 2022.

Source: Capital Intelligence Ratings

TUNISIA

Outlook on banking sector revised to 'negative' on increasing risks

Fitch Ratings revised the outlook on the operating environment of Tunisian banks from 'stable' to 'negative' as a result of high risks to the banks' credit profiles following its earlier downgrade of the sovereign ratings from 'B' to 'B-'. It considered that elevated political risks and delays in agreeing on a new program with the International Monetary Fund will aggravate the banks' fiscal and external liquidity risks. Further, it pointed out that the banks' non-performing loan ratios increased slightly from 10.7% at end-2020 to 11% at end-June 2021, as banks postponed the classification of loans due to the government's loan deferral program. In parallel, it said that the reserve coverage of impaired loans improved from 68% at end-2020 to 72% at end-June 2021, as the Banque Centrale de Tunisie (BCT) mandated banks to take provisions as required by international accounting standard IFRS 9. It stated that the banks' full implementation of the IFRS 9 standard is expected to weigh on their asset quality metrics and will require additional provisioning. It added that the net interest margin of most banks remained nearly unchanged at 3.8% in the first half of 2021 relative to 2020, despite the BCT's decision to cut interest rates by 150 basis points in March 2020. Also, it noted that the banks' average return on equity improved slightly from 10.1% in 2020 to 11% in the first half of 2021, while the equity-to-assets ratio remained stable at 10%. However, it did not expect the banks' profitability to return to pre-pandemic levels in the near term, as weak credit conditions are likely to increase provisioning.

Source: Fitch Ratings

ANGOLA

Exchange rate to remain stable in near term

Standard Chartered Bank indicated that the Angolan kwanza strengthened from AOA656 per US dollar in June 2021 to less than AOA600 per dollar in September of this year, constituting an appreciation of 8.5%, mainly in response to soft domestic demand for foreign currency, tight monetary policy and improved external liquidity. Also, it said that higher global oil prices, debt-service relief and multilateral support have supported the strengthening of the kwanza in the third quarter of 2021. It added that the differential between the parallel market rate and the official rate was only 5.3% in September 2021, which is well within the Banco Nacional de Angola's target of a differential of 20%. In addition, it considered that the kwanza is relatively insulated from shifts in investor sentiment towards emerging markets, given the minimal foreign participation in Angola's domestic debt market, and anticipated investor interest to depend on the dynamics of the foreign currency market and of the oil sector. In this context, it projected the official exchange rate of kwanza to remain stable relative to the dollar in the fourth quarter of 2021 and to trade at AOA598 per dollar by the end of the year. It expected authorities to focus on the stability of the exchange rate ahead of the elections in August 2022, given the impact of previous currency depreciations on the inflation rate. Also, it forecast the kwanza to depreciate to AOA610 per dollar by the end of 2022 and to AOA622 by the end of 2023, due higher external debt servicing and lower oil production. It anticipated low oil prices and output to be key risks to the stability of the exchange rate.

Source: Standard Chartered Bank

Oil prices to average $80 p/b in fourth quarter 2021

ICE Brent crude oil front month prices reached $84.33 per barrel (p/b) on October 19, 2021, constituting a surge of 6.4% from the month's low of $79.28 p/b registered on October 1, 2021, mainly due to the recovery of global oil demand to its pre-pandemic levels. In addition, global shortage in the supply of natural gas and coal led to an increase in worldwide demand for global crude oil, which placed upward pressure on oil prices. In parallel, Moody's Investors Service indicated that the ongoing recovery in global oil demand will boost oil prices in the rest of 2021. It pointed out that the U.S. Energy Information Administration estimated that global oil demand will marginally exceed its pre-pandemic level and will reach 101 million barrels per day (b/d) by the end of 2022, compared to a projected global demand of 97 million b/d in 2021. In parallel, it expected the OPEC+ coalition to maintain its decision to gradually raise oil output in 2022, while it anticipated that the increase in oil supply from non-OPEC+ suppliers would rebalance the oil market without generating further oil price increases. In parallel, Emirates NBD Bank expected oil prices to decline in 2022, since it anticipated U.S oil output to exceed its pre-pandemic levels at the end of 2022. Further, it revised its oil prices forecast to $80 p/b from $70 p/b in the fourth quarter of 2021. Also, it forecast oil prices to average $71 p/b in 2021 and $65 p/b in 2022.

Source: Moody's Investors Service, EmiratesNBD Bank, Refinitiv, Byblos Research

OPEC's oil basket price up 5% in September 2021

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $73.88 per barrel (p/b) in September 2021, representing an increase of 5% from $70.33 p/b in August 2021. Saudi Arabia's Arab Light price was $ 75.01 p/b, followed by Kuwait Export at $74.92 p/b and Angola's Girassol at $ 74.76 p/b. All prices in the OPEC basket posted monthly increases of between $2.8 p/b and $3.86p/b in September 2021.

Source: OPEC

Angola's oil export receipts down 7% to $865.5m in September 2021

Oil exports from Angola reached 33 million barrels in September 2021, constituting a decrease of 2 million barrels from August 2021 and a decline by 6.2 million barrels from the same month in 2020. The country's oil export receipts totaled KZ543bn or $865.5m in September 2021 and shrunk by 7.2% from K585bn ($905.1m) in August 2021. They grew by 156.6% from KZ211.6bn ($340.8m) in September 2020.

Source: Angola's Ministry of Finance

Libya's oil & gas receipts at $13.5bn in first eight months of 2021

Libya's oil and gas revenues totaled $13.5bn in the first eight months of 2021, constituting an increase of 263% from $3.7bn in the same period of 2020. Oil and gas receipts reached $1.9bn in August, constituting a decrease of 5.1% from $2.1bn in the preceding month and a surge of 21.6 times from $90m in August 2020.

Source: National Oil Corporation, Byblos Research

Base Metals: Copper prices to average $9,250 per ton in 2022

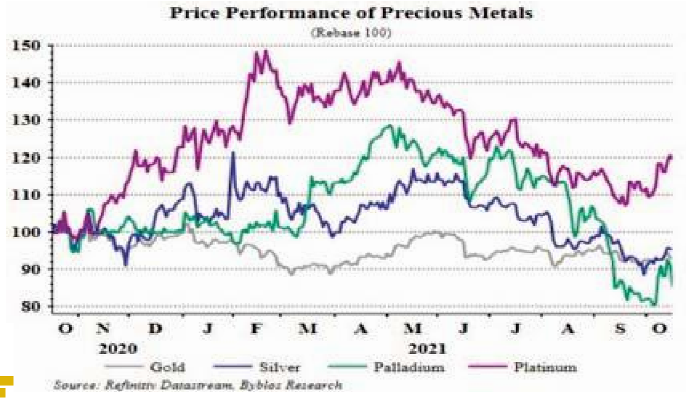
LME copper cash prices averaged $9,216.8 per ton in the year-to-October 18, 2021 period, constituting a rise of 56.5% from an average of $5,888.5 a ton in the same period of 2020. Supply disruptions and expectations of robust demand drove the surge in prices, amid the anticipated stronger global economic recovery. Also, copper prices reached an all-time high of $11,299.5 per ton on October 18 of this year, amid growing concerns that the global energy crisis would affect production levels. In parallel, the International Copper Study Group projected the global demand for refined copper at 25 million tons in 2021, unchanged from 2020 and to increase by 2.4% to 25.6 million tons in 2022, due to improved prospects of a global economic recovery as well as to the increase in manufacturing activity. In parallel, it revised its forecast for global refined copper production from an expansion of 3% to an uptick of 1.7% in 2021, due to a reduction decline in mining output in Chile and Myanmar, to operational issues in Australia, Japan and Russia, and to power shortages in China. However, it expected the production of global refined copper to grow by 4% to 26.1 million tons in 2022. Further, Citi Research projected copper prices to average $9,165 per ton in 2021 and $9,250 a ton in 2022.

Source: ICSG, Citi Research, Refinitiv

Precious Metals: Silver prices projected at $19 per ounce in next six months

Silver prices averaged $25.6 per troy ounce in the year-to-October 18, 2021 period, constituting an increase of 31% from an average of $19.5 an ounce in the same period last year. The rise in the metal's price is mainly due to a surge in inflation rates globally, which has reinforced the appeal of the metal as a hedge against inflation and as a cheaper alternative to gold. In addition, the metal's price dropped from a recent high of $28.18 an ounce on May 17, 2021 to $23.3 per ounce on October 18, due to a slowdown in demand for the metal, to higher U.S. Treasury yields and to a stronger US dollar, amid expectations that the U.S. Federal Reserve could tighten its monetary policy faster-than-expected In parallel, Citi Research projected the global supply of silver at 1,031 million ounces in 2021 relative to 976 million ounces last year, with mine output representing 80% of the total. Further, it forecast demand for the metal at nearly 918 million ounces in 2021 compared to 896 million ounces in 2020. As such, it expected the deficit in the silver market to narrow from 251 million ounces in 2020 to 42 million ounces in 2021. Still, Citi forecast silver prices to fall to $19 per ounce in the next six months in case global interest rates increase.

Source: Citi Research, 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	-	Caa1	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+	B+	B+								
	Negative	Negative	Stable	Stable	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-								
	Positive	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 (LT Foreign currency rating)	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	B+ Positive	Ba3 Stable	B+ Stable	B+ Positive	B- Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	- -	A Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	- -	BBB Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	BBB- Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B- Stable	B3 Stable	B- Stable	- -	CCC Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	- -	BBB Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	BBB- Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	BBB- Stable	Baa3 Stable	BBB Stable	- -	BBB- Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+ Stable	B2 Negative	BB- Stable	B+ Stable	B- Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B Stable	B3 Stable	B Stable	- -	B- 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	03-Nov-21
Eurozone	Refi Rate	0.00	09-Sep-21	No change	28-Oct-21
UK	Bank Rate	0.10	23-Sep-21	No change	04-Nov-21
Japan	O/N Call Rate	-0.10	22-Sep-21	No change	28-Oct-21
Australia	Cash Rate	0.10	05-Oct-21	No change	02-Nov-21
New Zealand	Cash Rate	0.50	06-Oct-21	Raised 25 bps	24-Nov-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	12-Oct-21	No change	25-Nov-21
Malaysia	O/N Policy Rate	1.75	09-Sep-21	No change	03-Nov-21
Thailand	1D Repo	0.50	29-Sep-21	No change	10-Nov-21
India	Reverse repo Rate	4.00	08-Oct-21	No change	08-Dec-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-Sep-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	17-Sep-21	No change	23-Nov-21
Ghana	Prime Rate	13.50	27-Sep-21	No change	22-Nov-21
Angola	Base Rate	20.00	01-Oct-21	No change	N/A
Mexico	Target Rate	4.50	30-Seo-21	Raised 25 bps	11-Nov-21
Brazil	Selic Rate	6.25	22-Sep-21	Raised 100bps	27-Oct-21
Armenia	Refi Rate	7.25	14-Sep-21	Raised 25bps	N/A
Romania	Policy Rate	1.50	05-Oct-21	Raised 25bps	09-Nov-21
Bulgaria	Base Interest	0.00	01-Oct-21	No change	01-Nov-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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