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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global bond issuance at $6.75 trillion in first nine months of 2021

S&P Global Ratings indicated that the global issuance of corporate bonds, U.S. public finance bonds, other international public finance bonds and structured finance products totaled $6.75 trillion (tn) in the first nine months of 2021, constituting a decline of 1.2% from $6.83tn in the same period of 2020. It attributed the decrease in bond issuance to a drop of 16.5% in the issuance of non-financial corporate bonds, a decrease of 2.4% in U.S. international public finance bonds, and to a fall of 4.8% in the issuance of non-U.S. international public finance bonds, which were partly offset by an expansion of 26% in new structured finance products and a 12% growth in additional financial corporate bonds. The agency noted that financial institutions issued $2.33tn or 34.5% of bond issuance in the first nine months of 2021. Non-financial institutions followed with $2.31tn in new bonds (34.3%), international public finance bonds with $909.4bn (13.5%), investor-placed structured finance bonds with $853.4bn (12.6%), and U.S. public finance bonds with $346.5bn (5.1%). It forecast global bond issuance at about $8.5tn in 2021, which would constitute a decline of about 0.2% from the previous year, due to a projected decline of 0.1% in nonfinancial corporate bonds and in U.S. public finance bonds, which would be partly offset by 0.3% rise in structured finance products and 0.1% growth in financial corporate bonds. Further, it considered that low interest rates, higher inflation expectations in the U.S., and record-high cash balances on corporate balance sheets could limit the need for bond issuances in the fourth quarter of 2021 and in 2022, and it expected global bond issuance to contract by 2% to around $8.3tn in 2022.

Source: S&P Global Ratings

Private equity fundraising down 41% to $85bn in third quarter of 2021

Research provider Preqin indicated that 175 private equity (PE) funds raised $85bn in capital commitments worldwide in the third quarter of 2021, the lowest amount since the second quarter of 2018. In comparison, 300 PE funds secured $240bn in the second quarter of 2021 and 220 PE funds raised $120bn in the third quarter of 2020. It noted that PE fundraising significantly slowed down in the third quarter of 2021 as a sign of possible moderation in the robust post-pandemic recovery of the global private equity industry. It added that 159 PE-backed buyout deals took place in the covered quarter relative to 235 deals in the second quarter of 2021 and to 118 deals in the third quarter of 2020. In parallel, it said that there were 4,900 venture capital (VC) transactions in the third quarter of 2021 for an aggregate amount of $175bn, compared to 4,500 deals worth $165bn in the second quarter of 2021 and to 4,800 deals that totaled $85bn in the third quarter of 2020. Moreover, it stated that VC funds exited 450 investments in the third quarter of this year, down by 22.4% from 580 exits in the previous quarter and by 26.2% from 610 exits in the third quarter of last year. VC funds exited 300 investments through trade sales in the third quarter of 2021, equivalent to 66.7% of total exits, followed by 110 exits through IPOs (24.4%), 35 exits from sales to other general partners (7.8%), and five exits from write-offs (1.1%).

Source: Preqin

MENA

Rule of law in region lags global trends

The World Justice Project ranked the UAE in 37th place among 139 countries globally and in first place among eight countries in the Middle East and North Africa region on its Rule of Law Index for 2021. Jordan followed in 59th place, then Tunisia (65th), Algeria (82nd), Morocco (90th), Lebanon (104th), Iran (119th), and Egypt (136th). The index measures the implementation of the rule of law in each country by aggregating 44 sub-factors into eight broad factors and assigning a score to each country. Based on the same set of countries included in the 2020 and 2021 surveys, the rankings of seven MENA countries regressed and one improved from the 2020 survey, while the scores of six countries dropped and two were unchanged. The UAE ranked first regionally on the Absence of Corruption, the Order & Security, the Regulatory Enforcement, the Civil Justice, and the Criminal Justice factors. Also, Tunisia came in first place on the Constraints on Government Powers, the Open Government and the Fundamental Rights factors. The average score for the MENA region is 0.49 points relative to an average score of 0.50 points in the 2020 survey, and was lower than the global average score of 0.56 points. The region's average score came below that of the European Union & North America (0.74 points), East Asia & the Pacific region (0.6 points), Latin America & the Caribbean (0.52 points) and Eastern Europe & Central Asia (0.5 points). However, it exceeded the average scores of Sub-Saharan Africa (0.46 points) and South Asia (0.44 points).

Source: World Justice Project, Byblos Research

GCC

Fixed income issuance up 3% to $132bn in first 10 months of 2021

Total fixed income issuance in Gulf Cooperation Council (GCC) countries reached $131.9bn in the first 10 months of 2021, constituting an increase of 3% from $128.1bn in the same period of 2020. Fixed income issuance in the covered period consisted of $53.5bn in corporate bonds, or 40.6% of the total, followed by $36bn in sovereign bonds (27.2%), $22.6bn in sovereign sukuk (17%), and $20bn in corporate sukuk (15%). Further, corporates issued $73.4bn in bonds and sukuk in the covered period, or 55.6% of total fixed income proceeds in the region; while sovereigns issued $58.5bn, or 44.4 % of the total. GCC sovereigns issued $13.5bn in bonds and sukuk in January, $6bn in February, $6.4bn in March, $800m in April, $500m in May, $8.1bn in June, $800m in July, $4.5bn in August, $12.5bn in September and $5.4bn in October 2021. In parallel, companies in the GCC issued $6.3bn in bonds and sukuk in January, $9.4bn in February, $5.5bn in March, $7.7bn in April, and $5.1bn in May, $15.8bn in June, $17.3bn in July, $1.4bn in August, $4.4bn in September and $500m in October of this year. Sovereign proceeds in October consisted of $4bn in bonds from the UAE, $750m in bonds from Saudi Arabia, $530.6m in bonds from Bahrain and $109.2m in bonds from Qatar. In parallel, corporate issuance in the covered month included $165.8m in bonds issued by firms based in Kuwait, $98.6m in bonds from companies in the UAE and $48.7m in bonds from Qatari firms.

Source: KAMCO

OUTLOOK

EMERGING MARKETS

Rise in oil prices by $10 p/b in 2022 to support fiscal and external balances of oil exporters

The Institute of International Finance expected that higher global oil prices in 2022 will benefit the fiscal and external balances of net energy exporting countries in emerging and developing economies. It estimated that a rise in oil prices from an average of $71 per barrel (p/b) in 2021 to an average $81 p/b in 2022 would increase the current account surpluses of Russia by $46.6bn, of Saudi Arabia by $28.3bn, of Iraq by $11.6bn, and of the UAE by $11bn in the coming year, in case of stable volumes of hydrocarbon exports in 2022. It also forecast the wide current account deficits of Iraq and Oman to shift to small surpluses in 2021 and 2022. In contrast, it anticipated that, for every $10 p/b increase in oil prices, the current account deficit of India would widen by $25.4bn, followed by Turkey ($9.2bn), Thailand ($7.9bn), and Pakistan ($4.1bn) among net oil importers.

Further, it projected the fiscal deficits of major oil-exporting countries, except for Algeria, Kazakhstan and Nigeria, to shift from deficits in 2020 to large surpluses in 2021 and 2022. It also projected the fiscal balances of Angola, Iraq, Oman, Qatar, Russia, Saudi Arabia and the UAE to post surpluses of more than 3% of GDP each, in case oil prices average $81 p/b in 2022.

In parallel, the IIF expected that a $10 p/b rise in oil prices would widen the current account deficit of Turkey by $8.6bn, of Chile by $3.5bn, and of Morocco and Thailand by $1.6bn each in 2022. It said that wider current account deficits in these countries could lead to difficulties in meeting their external financing needs, and anticipated that countries with low levels of official foreign currency reserves, such as Tunisia (4 months of import coverage), Turkey (2.8 months of imports) and Ukraine (2.9 months of import coverage), will be the most vulnerable sovereigns.

Source: Institute of International Finance

AFRICA

Real GDP growth at 3.8% in 2022, outlook subject to multiple uncertainties

The International Monetary Fund projected real GDP in Sub-Saharan Africa (SSA) to grow by 3.7% in 2021 and by 3.8% in 2022, following a contraction of 1.7% in 2020. It attributed the economic rebound to a sharp improvement in global trade, higher global commodity prices, and favorable harvests that increased agricultural production. Also, it expected the divergence in growth rates within the region to persist through the medium term, due in part to irregular access to vaccines and to uneven policy support across countries. Further, it forecast the economic activity of oil-exporting countries in the SSA region to expand by 2.2% in 2021 and 2.7% in 2022. Also, it projected the real GDP of non-oil resource-intensive economies to expand by 4.7% this year, supported by higher commodity prices, while it anticipated the non-resource-intensive SSA economies to grow by 4.1% in 2021 and 5.4% in 2022. It said that the outlook is subject to substantial uncertainties, especially about the evolution of the pandemic and the pace of the vaccine's rollout across the region, the faster-than-expected tightening of global financial conditions, reduced access to funding for social and investment programs, and political instability.

In parallel, the IMF projected the fiscal deficit of the SSA region's oil exporters to narrow from 4.4% of GDP in 2021 to 4.1% of GDP in 2022 amid higher global oil prices and limited fiscal space, while it forecast the deficit of SSA oil importers to narrow from 6.8% of GDP in 2021 to 5.7% of GDP in 2022. In turn, it projected the public debt level of the region's oil-exporting countries to reach 46% of GDP at end-2021, and to stand at 62.2% of GDP at the end of the year in oil-importing economies. In parallel, it expected the aggregate current account deficit, including grants, of SSA oil exporters to narrow from 3.5% of GDP in 2020 to 1.4% of GDP in 2022 in case of higher oil export receipts, while it projected the deficit of oil importers to widen from 2.7% of GDP in 2020 to 3.4% of GDP in 2022 despite higher remittance inflows. As such, it forecast the foreign currency reserves of SSA oil exporters at 5.2 months of imports at end-2021 and at five months of import coverage at end-2022, and those of oil importers at 4.7 months of imports at end-2021 and 4.4 months of import coverage at the end of 2022.

Source: International Monetary Fund

SAUDI ARABIA

Authorities to step up fiscal consolidation amid economic recovery

Fitch Ratings indicated that authorities in Saudi Arabia demonstrated a clear commitment to budgetary discipline in 2020, as they increased the value-added tax (VAT) rate from 5% to 15%, raised custom duties, removed the cost of living allowance, and reallocated public spending to mitigate for the fallout of the COVID-19 outbreak. It expected the authorities to step up fiscal consolidation efforts in the near term, to contain public expenditures and to introduce potential enhancements to the budget framework, in order to reduce the dependence of spending decisions on global oil prices and to maintain a minimum level of fiscal buffers. As such, it projected the fiscal deficit at 3.3% of GDP in 2021, 3.2% of GDP in 2022, and 2.7% of GDP by 2023. It also forecast the public debt level to stabilize at 32.5% of GDP in the 2022-23 period. It said that the Kingdom's peers in the Gulf Cooperation Council have lowered their VAT rates, and expected that the possibility of Saudi Arabia following suit would weigh on its tax receipts, unless authorities put in place revenue measures to offset the potential decline in tax revenues. It considered that a shift to out-of-budget spending and the potential for higher debt of state-owned and government-related entities constitute risks to public finances in the medium term.

In parallel, the agency noted that the number of coronavirus cases in the Kingdom has declined in the third quarter of 2021 and that vaccination rates have picked up. As such, it projected real non-oil GDP to expand by 3.5% in 2021 and 2.9% in 2022, following a contraction of 2.2% last year, mainly due to the recovery in domestic demand and the ongoing large projects that the Public Investment Fund is financing. Also, it expected the phasing out of oil production cuts under the OPEC+ agreement to support activity in the oil sector, and for the investment drive under the Kingdom's Vision 2030 to boost non-oil economic activity and create jobs. As such, it forecast real GDP growth at 2.1% in 2021 and 7.4% in 2022, following a contraction of 4.1% in 2020. But it anticipated that a potentially low level of job creation would increase pressure for higher public spending to support living standards, and could therefore undermine fiscal consolidation.

Source: Fitch Ratings

ECONOMY & TRADE

UAE

Agencies affirm emirates' ratings

Fitch Ratings affirmed the Emirate of Abu Dhabi's long-term foreign-currency Issuer Default Rating at 'AA', which is eight notches above investment grade, and maintained a 'stable' outlook on the rating. It said that the rating balances the emirate's strong fiscal and external positions and elevated GDP per capita, against its high dependence on the hydrocarbon sector, an economic policy framework that is still being developed, and low governance indicators compared to peers. It forecast the emirate's fiscal position to shift from a fiscal deficit of 4.7% of GDP in 2020 to a surplus of 1.6% of GDP in 2021 and to remain in surplus in the 2022-23 period due to the rebound of oil revenues. It noted that the government could issue more debt to meet its financing needs in order to bolster its cash reserves. Also, it estimated the foreign assets of the Abu Dhabi Investment Authority, the emirate's sovereign wealth fund, to be equivalent to 320% of GDP at end-2020 and expected it to regress to 255% of GDP by 2023, due mainly to the expansion of nominal GDP. In addition, Moody's Investors Service indicated that the Emirate of Abu Dhabi's large sovereign wealth assets and low government debt level support its fiscal strength. It pointed out that the emirate's 'Aa2' issuer rating reflects its elevated GDP per capita, its substantial hydrocarbon endowment and its highly developed infrastructure. In parallel, S&P affirmed the Emirate of Sharjah's long-term foreign and local currency sovereign credit ratings at 'BBB-', with a 'stable' outlook on the long-term ratings. It attributed its decision to its expectation that the emirate's fiscal deficit will narrow from 9% of GDP in 2021 to an average 6% of GDP in the 2022-24 period. However, it forecast Sharjah's net public debt level to rise from 45% of GDP at the end of 2021 to 50.6% of GDP at the end of 2022.

Source: Fitch Ratings, Moody's Investors Service, S&P Global Ratings

IRAN

Sovereign ratings affirmed, outlook 'negative'

Capital Intelligence Ratings affirmed Iran's long- and short-term foreign and local currency ratings at 'B', which are five notches below investment grade. Also, it maintained the 'negative' outlook on the long-term ratings. It indicated that the ratings are constrained by substantial macroeconomic risks, high budgetary and external liquidity pressures, elevated external political risks, and significant socioeconomic challenges. It added that, despite the country's very low external debt level, the authorities' ability to service the debt on time has weakened due to U.S. sanctions on Iran. It said that the 'negative' outlook reflects the agency's expectations of sustained pressures on the budget and on external liquidity due to the U.S. sanctions on oil exports and on financial institutions. Further, it stated that it would revise the outlook to 'stable' in the next 12 months if the U.S. and Iran reach an agreement on the nuclear deal, which would lead to the lifting of U.S. sanctions and to a decline in geopolitical tensions. In contrast, it noted that it would downgrade the ratings in case geopolitical tensions escalate or large contingent liabilities of the central government materialize. It pointed out that the government relies on domestic funding sources through the issuing of bonds that local banks purchase, given the country's very limited access to international borrowing.

Source: Capital Intelligence Ratings

ARMENIA

Sovereign ratings reflect robust growth prospects

In its periodic review of Armenia's sovereign ratings, Moody's Investors Service indicated that the country's 'Ba3' issuer rating, which is three notches below investment grade, reflects its economic strength score of 'ba2', which balances Armenia's robust growth prospects and increasingly diverse drivers of growth, against the economy's small size and low GDP per capita. It added that the rating takes into account the country's governance strength level of 'baa3', which points to the improved credibility and effectiveness of macroeconomic policies and institutions, as well as the authorities' structural reforms that aim to strengthen the control of corruption and the rule of law. It added that the rating incorporates the government's fiscal strength score of 'b1', due to its moderately elevated public debt level and the high share of foreign currency in the debt stock. Further, the agency indicated that the sovereign rating takes into consideration the country's score of 'ba' on the susceptibility to events risks, which is driven by the high dollarization rate of the economy, by the elevated external vulnerability risks, and by geopolitical risks from the conflict between Armenia and Azerbaijan over the disputed Nagorno-Karabakh province.

Source: Moody's Investors Service

TURKEY

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Turkey's long- and short-term foreign currency sovereign credit ratings at 'B+' and 'B', respectively, with a 'stable' outlook on the long-term ratings. It indicated that the long-term foreign currency sovereign ratings are four notches below investment grade. It maintained the country's long- and short-term local currency sovereign credit ratings at 'BB' and 'B', respectively. Also, it affirmed the local Transfer and Convertibility Assessment at 'BB-'. It noted that the ratings are supported by Turkey's large and diversified economy, and by its low net public debt level compared to other emerging markets. But, it pointed out that the ratings are constrained by the country's vulnerable balance of payments position, its high inflation rates, its weak institutions, and by the limited effectiveness of its monetary policy. Further, it considered that the 'stable' outlook reflects the country's macroeconomic imbalances over the next 12 months, which are partly offset by the resilience of the private sector and by the low general government debt burden. In parallel, it forecast the country's gross external financing needs at 166.6% of current account receipts and usable reserves in 2021, as well as at 152.4 % of such receipts and reserves in 2022, 151.6% in 2023, and 151% in 2024. It said that it could upgrade the ratings if the credibility of monetary policy improves, if the country's foreign exchange reserves rise, or if its balance of payments position strengths in the near term beyond the agency's expectations. In contrast, it said that it may downgrade the ratings if the contingent liabilities of the banking sector materialize on the government's balance sheet. 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

WORLD

Raising costs is main challenge from divergent AML/CFT rules in cross-border payments

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), conducted a survey, in consultation with the Basel Committee on Banking Supervision, to identify areas where divergent AML/CFT rules, or their implementation, cause problems for cross-border payments. The survey revealed that 66% of participants identified ‘raising costs’ as the most significant challenge resulting from divergent AML/CFT rules in cross-border payments, followed by 'reducing the speed of transactions' (55%), 'limiting access ' to cross-border payments (38%) and 'reducing the transparency of transactions’ (29%). Also, the survey shows that inconsistent national approaches to monitoring transactions create obstacles for the private sector in identifying and verifying customer and beneficial owners, effective screening for targeted financial sanctions, sharing of customer and transaction information where needed, as well as establishing and maintaining correspondent banking relationships. Further, the survey participants considered that conflicting laws and regulations, which are interpreted or applied in different ways or to different extents, create additional problems for the implementation of AML/CFT rules in cross-border payments. The FATF conducted the survey between December 2020 and March 2021. It indicated that banks accounted for 64% of participants, followed by payment service providers (10%), financial technology firms and trade bodies (6% each), electronic money issuers (2%), and digital wallet providers (1%).

Source: Financial Action Task Force

JORDAN

Amman to continue implementation of AML/CFT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that in October 2021, Jordan made a high-level political commitment to work with the FATF and its regional body MENAFATF to strengthen the effectiveness of its AML/CFT regime. It noted that, since the adoption of the Mutual Evaluation Report (MER) in November 2019, Jordan has made progress on a number of the MER's recommended actions to improve its system and to finalize the country's national risk assessment (NRA). The FATF said that authorities will implement their action plan by completing the ML and TF risk assessments of non-profit organization (NPOs), legal persons and virtual assets; as well as by improving risk-based supervision and applying effective and dissuasive sanctions in case of non-compliance. Also, it pointed out that authorities will conduct training and awareness-raising programs for Designated Non-Financial Businesses and Professions about their AML/CFT obligations. It also expected the authorities to maintain basic and beneficial ownership information on legal persons and legal arrangements, and to pursue ML investigations and prosecutions in line with the risks identified in the NRA. Further, it anticipated that authorities will develop and implement a legal and institutional framework for financial sanctions and a risk-based approach to supervise the NPO sector, in order to prevent abuse for TF purposes.

Source: Financial Action Task Force

MOROCCO

Banking sector faces intermediate economic risks

S&P Global Ratings maintained Morocco's banking sector in 'Group 7' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '7' and an industry risk score of '6'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 7' include Bahrain, Guatemala, Oman and Russia. The agency indicated that the economic risk score reflects "very high risk" in terms of economic resilience and credit risk in the economy, as well as "intermediate risk" for the country's economic imbalances. It projected the sector's non-performing loans ratio to increase from 7.4% at end-2020 to between 10% and 11% in the next 12 to 24 months. It forecast retail lending to grow by 3% annually and corporate lending to expand by 4% yearly during the 2021-22 period. Further, it said that the industry score indicates that the country faces "high risks" in its competitive dynamics and system-wide funding, and "intermediate risks" in its institutional framework. It stated that the Moroccan banks' substantial exposure to volatile operating environments in Sub-Saharan African countries led Bank al-Maghrib (BAM) to reinforce its oversight. Also, it considered that BAM's supervision of the sector is adequate through its monitoring of the banks' liquidity, capitalization and asset quality. It noted that the trend for the banking sector's economic and industry risk is 'stable'.

Source: S&P Global Ratings

UAE

Outlook on eight banks revised to 'stable' on rebound in economic activity

Moody's Investors Service affirmed the long-term deposit rating of Abu Dhabi Commercial Bank (ADCB) at 'A1', the long-term issuer rating of Abu Dhabi Islamic Bank (ADIB) at 'A2', the long-term issuer rating of Dubai Islamic Bank (DIB) and the long-term deposit rating of HSBC Bank Middle East (HBME) at 'A3', and the long-term deposit ratings of MashreqBank, Commercial Bank of Dubai (CBD), the National Bank of Ras-Al-Khaimah (RAKBank) and the National Bank of Fujairah (NBF) at 'Baa1'. In addition, it maintained the Baseline Credit Assessment (BCA) of HBME at 'baa2', the BCAs of ADCB, MashreqBank and RAKBank at 'baa3', the BCAs of ADIB, CBD and NBF at 'ba1', and the BCA of DIB at 'ba2'. It indicated that the affirmation of the ratings reflects the improvement of the operating environment of UAE banks as a result of the economic recovery from the COVID-19 outbreak, which it expected to support the banks' profitability as well as their capital and liquidity buffers. It stated that the banks' net profits-to-tangible assets ratio increased from 0.8% at end-2020 to 1% at the end of June 2021, and that the banks' liquid assets reached 37% of total assets at end-June. It added that the banks' common equity-to-risk weighted assets ratio was about 13.8% as the end of June 2021, and projected the banks' capital position to remain stable. In parallel, the agency revised the outlook on the long-term ratings of all banks from 'negative' to 'stable'. It attributed the outlook revision to the economic rebound in the country that is expected to support businesses, as well as to the confidence in the operating environment, which, in turn, would support the banks' financial fundamentals.

Source: Moody's Investors Service

Oil prices to average $78.5 p/b in fourth quarter 2021

ICE Brent crude oil front-month prices averaged $83.75 per barrel (p/b) in October 2021, constituting an increase of 11.8% from $74.9 p/b in September 2021 and a surge of 101.7% from $41.5 p/b in September 2020. The rise in prices was mainly driven by strong global demand for oil and by improved prospects the recovery of the world's economy. In addition, worldwide shortages in the supply of natural gas and coal led to a rise in worldwide demand for crude oil, which placed upward pressure on oil prices. Further, Goldman Sachs indicated that global oil demand has recovered from the Delta variant and anticipated demand to exceed its pre-pandemic levels in the near term, which will boost oil prices. In parallel, Standard Chartered Bank predicted oil prices to decrease in 2022, since it expected the U.S. to release crude oil from its strategic petroleum reserve in an attempt to reduce oil prices. Moreover, it anticipated that Iran would increase its oil output in 2022, in case it reaches an agreement on the nuclear deal with world powers in Vienna. As such, it revised downwards its oil price forecast to $71 p/b from $73 p/b for 2021 and to $67 p/b from $78 p/b for 2022. Also, it projected oil prices to average $78.5 p/b in the fourth quarter of 2021, $74 p/b in the first quarter of 2022, $68 p/b in the second quarter of 2022, $65 p/b in the third quarter of 2022.

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

Global steel output up 8% in first nine months of 2021

Global steel production reached 1.46 billion tons in the first nine months of 2021, constituting an increase of 7.8% from 1.35 billion tons in the same period of 2020. Production in China totaled 806 million tons and accounted for 55% of global output in the covered period. India followed with 87.3 million tons (6%), then Japan with 72.1 million tons (4.9%), the U.S. with 64.4 million tons (4.4%), and Russia with 56.4 million tons (3.8%).

Source: World Steel Association, Byblos Research

Iraq's oil exports receipts at $7.7bn in October 2021

Preliminary figures show that Iraq's crude oil exports totaled 96.7 million barrels in October 2021 and increased by 4.6% from 92.4 million barrels in September 2021. Oil exports from the central and southern fields amounted to 93.4 million barrels in October, while shipments from the Kirkuk fields totaled 3.1 million barrels. Oil receipts stood at $7.7bn in October, up by 13.3% from $6.8bn in September 2021.

Source: Iraq Ministry of Oil, Byblos Research

Middle East's jewelry demand up 46% in third quarter of 2021

Demand for jewelry in the Middle East totaled 39.6 tons in the third quarter of 2021, constituting a rise of 46.4% from 27 tons in the same period of 2020 and accounted for 9% of global jewelry demand. Demand for gold jewelry in Saudi Arabia reached 8.5 tons in the covered period, representing 21.4% of the region's demand. The UAE followed with 8.2 tons (20.8%), then Egypt with 7.4 tons (18.8%), Iran with 7.1 tons (17.8%), and Kuwait with 2.5 tons (6.4%).

Source: World Gold Council, Byblos Research

Base Metals: Copper prices projected to average $9,000 per ton in 2022

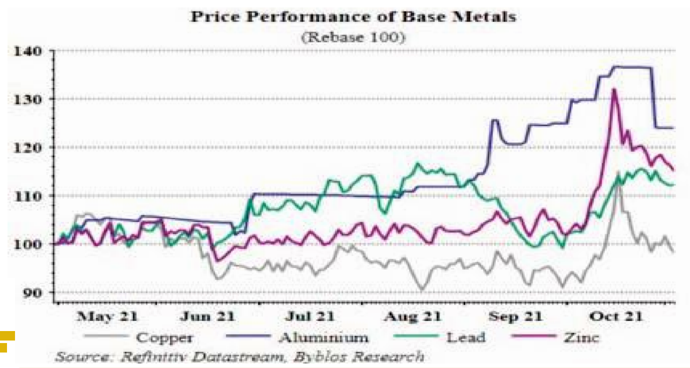
LME copper cash prices averaged $9,250.7 per ton in the first 10 months of 2021, constituting a rise of 58.3% from an average of $5,842.7 a ton in the same period of 2020. Supply disruptions and expectations of robust demand drove the surge in prices, amid the anticipated stronger global economic recovery. Also, copper prices dropped from an all-time high of $11,299.5 per ton on October 18 of this year to $9,648.5 a ton on October 29, as a slowdown in economic activity in China has put pressure the metal's price. In parallel, the latest available figures show that global demand for refined copper was 14.5 million tons in the first seven months of 2021, up by 3.3% from the same period of 2020, as the 7.5% growth in Chinese demand more than offset the 9.5% decrease in demand from the rest of the world, given that China is the world's largest consumer of the metal. In parallel, global refined copper production grew by 2.6% to 14.4 million tons in the first seven months of the year, as higher output from China, the Democratic Republic of the Congo, and the United States was partially offset by lower production in Brazil, Chile, Germany, Japan, Myanmar, Russia, Spain and Sweden. Further, Standard Chartered Bank projected copper prices to average $9,399 per ton in 2021 and $9,000 a ton in 2022.

Source: ICSG, Standard Chartered Bank, Refinitiv

Precious Metals: Gold prices up 4% in first 10 months of 2021

Gold prices averaged $1,798.1 per troy ounce in the first 10 months of 2021, constituting an increase of 3.6% from an average of $1,736.2 an ounce in the same period last year. The rise in the metal's price is mainly due to accelerating inflation rates and declining real interest rates globally, which reinforced the appeal of the metal as a hedge against potential inflationary pressure. Further, prices regressed from a recent high of $1,906 per ounce on May 31, 2021 to $1,763 an ounce on October 29, due to expectations that the U.S. Federal Reserve could tighten its monetary policy earlier than expected. In parallel, global gold demand totaled 2,755.8 tons in the first nine months of 2021, down by 4.6% from the same period last year. The drop was due to a decrease in investments in exchange-traded funds, as inflows shifted to outflows, which was partly offset by a rise of 103% in net purchases by central banks, a surge of 68.4% in jewelry consumption and a growth of 12.3% in demand from the technology sector. Jewelry consumption accounted for 51.4% of gold demand in the covered period, followed by demand for bars & coins (31%), net purchases by central banks (14.3%), and demand from the technology sector (9%). Also, global gold supply rose by a marginal 0.2% to 3,505.1 tons in the first seven months of 2021, with mine output representing 76.4% of the total.

Source: World Gold Council, Refinitiv, Byblos Research



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 (%)
Africa													
Algeria	- -	- -	- -	- -	B+ Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+ Stable	B3 Stable	CCC -	- -	CCC Negative	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Stable	B2 Stable	B+ Stable	B+ Stable	B+ Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	B- CWN**	Caa1 RfD***	CCC -	 -	B+ Negative	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B- Stable	B3 Negative	B Negative	- -	BB- Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Stable	BB- Stable	- -	B+ Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	- -	- -	- -	- -	CCC Negative	-	-	-	-	-	-	-	-
Dem Rep Congo	CCC+ Positive	Caa1 Stable	- -	- -	CCC Stable	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB- Negative	Ba1 Negative	BB+ Stable	- -	BBB Negative	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Stable	B2 Negative	B Stable	- -	B- Negative	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	CC Negative	-	-	-	-	-	-	-	-
Tunisia	- -	Caa1 Negative	B Negative	- -	B+ Negative	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	B+ Stable	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	B+ Negative	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East													
Bahrain	B+ Negative	B2 Negative	B+ Stable	B+ Stable	B+ Negative	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	- -	- -	- -	B Negative	B- Negative	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B- Stable	Caa1 Stable	B- Negative	- -	CC+ Stable	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+ Stable	B1 Stable	BB- Negative	B+ Stable	B+ Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+ Negative	A1 Stable	AA Negative	A+ Stable	AA- 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+ Positive	Ba3 Negative	BB- Negative	BB Negative	BB- Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	A+ Negative	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A- Stable	A1 Negative	A Negative	A+ Stable	A+ Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	C Stable	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	AA- 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	03-Nov-21	No change	N/A
Eurozone	Refi Rate	0.00	28-Oct-21	No change	N/A
UK	Bank Rate	0.10	23-Sep-21	No change	04-Nov-21
Japan	O/N Call Rate	-0.10	28-Oct-21	No change	17-Dec-21
Australia	Cash Rate	0.10	02-Nov-21	No change	07-Dec-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	27-Oct-21	No change	08-Dec-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-Oct-21	No change	22-Nov-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	03-Nov-21	No change	20-Jan-22
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	28-Oct-21	No change	16-Dec-21
Jordan	CBJ Main Rate	2.50	01-Sep-21	Cut 100bps	N/A
Turkey	Repo Rate	16.00	21-Oct-21	Cut 200bps	18-Nov-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	7.75	27-Oct-21	Raised 150bps	N/A
Armenia	Refi Rate	7.25	02-Nov-21	No change	N/A
Romania	Policy Rate	1.50	05-Oct-21	Raised 25bps	09-Nov-21
Bulgaria	Base Interest	0.00	01-Nov-21	No change	01-Dec-21
Kazakhstan	Repo Rate	9.50	25-Oct-21	No change	06-Dec-21
Ukraine	Discount Rate	8.50	21-Oct-21	No change	06-Dec-21
Russia	Refi Rate	7.50	22-Oct-21	Raised 75bps	17-Dec-21

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