650 ISSUES+
Issue 696 | November 18, 2021

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

More than 60% of young Arabs prefer to work in private sector

A survey conducted by consulting firm Oliver Wyman and non-profit organization Injaz Al-Arab about youth perceptions in the Middle East & North Africa region showed that 36% of MENA youth prefer to work in the public sector, 25% of respondents favor working in multinational companies, 18% of young Arab males and females wish to be self-employed, 10% of survey participants want to work at local companies, 5% of Arab youth desire to work in start-ups, 3% of respondents prefer to work at non-profit organizations, and another 3% favor employment in a family business. Also, 43% of participants believe that the technology industry presents the most opportunities for youth employment and job creation in their country. Further, 55% of MENA youth considered that long working hours would discourage them from working in the private sector, followed by 55% and 50% of respondents who cited low job opportunities and the lack of job experience, respectively, as discouraging factors from working in the private sector; while 46% of participants said low job security was the main disincentive for working in the private sector. Moreover, 47% of respondent stated that the lack of financial resources is preventing them from gaining access to education and skills training, followed by the absence of career guidance (39%), distance or transportation issues (30%), and corruption and nepotism problems (19%). Also, 68% of MENA youth believe that practical internships provide the best preparation for the workplace, while 28% of participants find it difficult to acquire digital skills. In parallel, the survey showed that 42% of MENA youth respondents lost their job or were put on temporary leave due to the COVID-19 outbreak. The survey was conducted in May 2021 and covered 2,290 respondents in the 16 to 35 year-old bracket in Egypt, Kuwait, Lebanon, Morocco, Qatar, Saudi Arabia and the UAE.

Source: Oliver Wyman, Injaz Al-Arab

Stock markets up 29% in first 10 months of 2021

Arab stock markets increased by 28.8% and Gulf Cooperation Council equity markets grew by 31.6% in the first 10 months of 2021, relative to contractions of 11% and of 9.1%, respectively, in the same period of 2020. In comparison, global stocks improved by 15%, and emerging market equities grew by a marginal of 0.8% in the covered period. Activity on the Beirut Stock Exchange, based on the official stock market index, surged by 142% in the first 10 months of 2021, the Abu Dhabi Securities Exchange rallied by 56%, the Damascus Securities Exchange grew by 44.6%, the Saudi Stock Exchange rose by 34.7%, the Boursa Kuwait jumped by 31.3%, the Amman Stock Exchange appreciated by 28%, and the Palestine Exchange gained 23.7%. In addition, the Casablanca Stock Exchange improved by 20%, the Bahrain Bourse advanced by 17%, the Iraq Stock Exchange expanded by 15.5%, the Dubai Financial Market yielded 15%, the Qatar Stock Exchange gained 12.7%, the Khartoum Stock Exchange appreciated by 11.5%, the Muscat Securities Market advanced by 11.4%, the Egyptian Exchange expanded by 5.3%, and the Tunis Bourse increased by 2.3% in the first 10 months of 2021.

Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

M&A deals up 2% to $44bn in first nine months of 2021

Figures released by S&P Global Ratings show that the amount of merger & acquisition (M&A) transactions in the Middle East & Africa region totaled $44.4bn in first nine months of 2021, constituting an increase of 2.1% from $43.5bn in the same period of 2020. The value of M&A deals reached $21.1bn in the first quarter, $12.2bn in the second quarter and $11.1bn in the third quarter of 2021. Further, it indicated that there were 662 M&A deals in the first nine months of 2021, representing a rise of 38.8% from 477 deals in the same period of 2020. There were 221 M&A deals in the first quarter, 257 transactions in the second quarter and 184 deals in the third quarter of 2021. In parallel, the distribution of transactions shows that the amount of M&A deals in the materials sector reached $4.86bn and accounted for 44% of the region's aggregate deal value in the third quarter of 2021. The industrial sector followed with $1.87bn (17%), then information & technology with $1.3bn (11.7%), consumer staples with $943.2m (8.6%), healthcare with $928.2m (8.4%), communication services with $501.6m (4.5%), consumer discretionary with $277.7m (2.5%), utilities with $234.1m (2.1%) and real estate with $115.4m (1%). Also, it noted that there were 33 deals in the information and technology sector or 18.6% of the aggregate number of deals in the third quarter of 2021, followed by industry with 24 deals (13.4%), the materials sector with 22 deals (12.2%), the communication & services and the consumer staples sectors with 20 deals each (22.6%), consumer discretionary with 14 deals (7.9%), financials with 13 deals (7.3%), healthcare and real estate with 11 deals each (12.4%), utilities with 5 deals (2.8%) and the energy sector with 4 deals (2.3%).

Source: S&P Global Ratings

EMERGING MARKETS

ESG bond issuance up 150% to $198bn in first nine months of 2021

Bank of America indicated that the issuance of Environmental, Social, and Governance (ESG) bonds in emerging markets (EMs) totaled $198bn in the first nine months of 2021, constituting a surge of 150% from $79bn in the same period of 2020. It noted that EMs issued $56bn, $73bn and $69bn in the first, second and third quarter of 2021, respectively. Further, it said that the issuance of green bonds stood at about $113bn or 57% of total issued ESG bonds in the first nine months of 2021, followed by sustainability bonds with $35bn (17.7%), social bonds with $32bn (16.2%), and sustainability-linked bonds with $18bn (9%). Also, companies issued $26.2bn in ESG bonds, or 38% of the aggregate issuance of ESG bonds in the third quarter of 2021, followed by financial firms with $19.3bn (28% of the total), sovereigns with $13.1bn (19%), and government agencies with $10.3bn (15%). In parallel, it noted that investments in ESG bonds reached $6bn in the first nine months of 2021, representing 25% of aggregate investments in EMs and rising by 241% from the same period last year. In parallel, assets under management linked to ESG bonds in emerging markets totaled $30bn this figure is not consistent with the issuance figures at the end of September 2021, and increased by 72% from the end of September 2020.

Source: Bank of America

OUTLOOK

WORLD

Insurance premiums to grow by 3.2% in 2022-23

Global reinsurer Swiss Re projected insurance premiums worldwide to grow by 3.4% in real terms in 2021, and to decelerate to 3.3% in 2022 and 3.1% in 2023. It expected insurance premiums in emerging markets (EMs) to increase by 3.4% in real terms in 2021 and by 6.4% in the 2022-23 period, while it forecast premiums in advanced economies (AEs) to grow by 3.3% this year and by 2.4% in the next two years. It attributed the positive outlook to rising risk awareness in both the life and non-life segments, as consumers and businesses alike seek protection following the COVID-19 shock, as well as to the ongoing higher demand for non-life insurance products. Also, it anticipated global demand for insurance products to benefit from the acceleration in digitalization and online platforms following the pandemic. It forecast the market size to exceed $7 trillion by mid-2022.

Further, it projected global non-life premiums to grow by 3.3% in real terms in 2021, and forecast non-life premiums to expand by 3.5% in real terms annually in the 2022-23 period, supported by recovering economic activity and by the ongoing "hardening" of prices in the commercial market. It also anticipated the divergence in growth rates between commercial and personal lines to decline in the next two years. It expected non-life premiums in EMs to rise by 8.2% in real terms in the 2022-23 period, driven by the economic recovery in the region and by strong demand for medical and motor insurance in China, while it estimated premiums in AEs to grow by 2.4% in the covered period due to robust growth in the commercial property and liability lines.

In parallel, it estimated global life premiums to expand by 3.5% in real terms in 2021, compared to an average growth rate of 1% between 2016 and 2020, driven mainly by higher risk awareness, a recovery in economic activity, a rebound in the "group business" segment, and the use of digital distribution channels. It anticipated global life premiums to grow by 2.8% in real terms annually in the 2022-23 period, with life premiums rising by about 2.3% in AEs and by 4.6% in EMs as a result of higher incomes, greater risk awareness and new products.

Source: Swiss Re

EMERGING MARKETS

Tighter financial conditions to affect economic recovery in 2022

Goldman Sachs indicated that the recovery in the Central and Eastern Europe, the Middle East & Africa (CEEMEA) region is continuing at a robust pace, despite renewed COVID-19 outbreaks and evidence of supply-chain disruptions in many countries. It expected that the receding impact of the pandemic will continue to support the economic rebound in CEEMEA countries. Still, it anticipated that the recovery will be "tougher" in 2022, as it expected tighter financial conditions across many of the region's economies to weigh on economic activity, and for higher global commodity prices to drive the divergence in growth rates across countries. As such, it projected real GDP growth in the CEEMEA region at 5.2% in 2021 and 4.4% in 2022, following a contraction of 2% in 2020. It indicated that it revised downwards by 0.3 percentage points its growth forecasts for each of 2021 and 2022 to reflect the impact of tighter financial conditions and concerns about ongoing global supply constraints.

In parallel, it considered that stronger-than-anticipated growth rates in CEEMEA countries this year will reduce fiscal financing needs and result in lower fiscal risks on the balance sheets of governments in the region. It also anticipated the current account balances of countries in the region to deteriorate on average in 2022, and expected Nigeria and Russia to be the only commodity exporters to post an improvement in their external position. In addition, it anticipated the ongoing easing of coronavirus-related lockdown measures in the region to support growth prospects going forward, mainly for economies where tourism and coronavirus-sensitive sectors account for a large share of economic output. Further, it considered that key risks to the outlook include the uncertainty about the impact of higher interest rates in developed economies on funding conditions in emerging markets, as well as the repercussions of slower economic activity in China.

Source: Goldman Sachs

GCC

Higher oil prices to support economic activity and public finances

The National Bank of Kuwait indicated that the higher global oil price environment has helped Gulf Cooperation Council (GCC) economies mitigate the impact of the fallout from the COVID-19 outbreak and boosted their growth prospects. It projected the real GDP growth of GCC countries at 2.1% in 2021, following a contraction of 4.9% in 2020, with activity in the hydrocarbon sector expanding by a marginal 0.1% and real non-oil GDP growing by 3.4% this year. It expected Saudi Arabia to lead the recovery, and anticipated that the Kingdom will be the first country to reach pre-pandemic levels of non-oil activity in 2021. It forecast the region's real GDP to expand by an annual average of 3.6% in the 2022-24 period, supported by rising oil output amid the easing of oil production cuts under the OPEC+ agreement.

In parallel, it expected that higher oil prices, public spending restraint, as well as other fiscal consolidation measures, to significantly improve the GCC region's fiscal position. As such, it projected the aggregate fiscal deficit of GCC economies at 2.6% of GDP in 2021, 2.3% of GDP in 2022, 1.6% of GDP in 2023, and to reach 1% of GDP by 2024, in case oil prices do not fall below an average of $60 per barrel (p/b) in the next three years. Also, it expected the narrower deficits to reduce the region's borrowing needs and limit the drawdown of government reserves. Further, it forecast the region's aggregate current account surplus at 7.4% of GDP in 2021, 6.4% of GDP in 2022, 5.7% of GDP in 2023, and 5.8% of GDP by 2024.

Further, NBK considered that renewed pressures from new variants of the coronavirus could weigh on the global outlook and negatively impact the recovery in GCC countries. Also, it anticipated that a sharp drop in oil prices would weaken the fiscal positions of GCC sovereigns, which would require further fiscal consolidation that could weigh on the region's economic outlook. It added that delaying fiscal reforms in the more vulnerable countries of the region could affect investor confidence, especially amid tighter global financial conditions. It also considered that the growing trend to address climate change could accelerate the global energy transition, which may result in lower oil prices and require a faster pace of economic restructuring in the GCC.

Source: National Bank of Kuwait

ETHIOPIA

Sovereign ratings downgraded on rising political uncertainties

S&P Global Ratings downgraded Ethiopia's long-term foreign and local currency sovereign credit ratings from 'CCC+' to 'CCC', which are eight notches below investment grade. It affirmed the country's short-term sovereign credit rating at 'C' and maintained the 'negative' outlook on the long-term ratings. Also, it lowered the country's transfer and convertibility assessment from 'CCC+' to 'CCC'. It attributed the downgrades to the heightened political uncertainties and civil conflicts that are increasing Ethiopia's external liquidity and default risks. It pointed out that the 'negative' outlook reflects rising pressures on the country's ability to continue servicing its commercial debt obligations, and the high risk that the government may include commercial creditors in its debt restructuring plans. In parallel, it forecast the country's gross external financing needs at 151.8% of current account receipts and usable reserves in 2022, as well as at 160% and 164.8% of such receipts and reserves in 2023 and 2024, respectively. It stated that it could revise the outlook to 'stable' if political tensions recede. Also, it said that it may downgrade the ratings if ongoing political turbulence and weak bilateral and multilateral financial support place further strain on the country's external debt repayment capacity, or if Ethiopia is unwilling or unable to service the interest payments on its commercial obligations, including the Eurobond payment due on December 11, 2021. It noted that it could lower the ratings to 'Selective Default' if the government carries out a debt exchange with commercial creditors.

Source: S&P Global Ratings

EGYPT

Long-term debt servicing at $56bn in coming four fiscal years

Barclays Capital considered that Egypt's reliance on the issuance of external debt and sizable inflows to the local market, amid external imbalances and large funding needs, have considerably increased the country's vulnerability to sudden shifts in global sentiment. It indicated that the level of external debt has more than doubled since 2016, which raises concerns about the sustainability of the debt level in case of renewed foreign currency volatility. It added that the government is aiming to diversify its external debt issuance by favoring Euro-denominated bonds, sukuks and the issuance of green debt. Still it expected authorities to continue to rely on the issuance of US dollar-denominated Eurobonds in order to close the external funding gap. In parallel, Barclays noted that Egypt has $56bn in long-term debt servicing in the next four fiscal years that include $9.8bn in Eurobonds and $11.3bn in repayments to the International Monetary Fund. It said that the current account deficit widened to $18.4bn, or 4.6% of GDP, in the fiscal year that ended in June 2021, the widest deficit since 2016. It expected the sizeable current account deficit to put pressure on the Central Bank of Egypt (CBE) to preserve attractive domestic real yields in order to reduce the risks of sudden capital outflows. However, it indicated that the CBE's strategy has resulted in higher fiscal costs and risks to financial stability. As such, it expected that Egypt's vulnerable external position to accelerate discussions with the IMF on a renewed program in the second half of 2022.

Source: Barclays Capital

ARMENIA

Economic growth projected at 5.5% in 2021 and 5.3% in 2022

The International Monetary Fund considered that Armenia's economy is strongly rebounding from the COVID-19 shock. It indicated that the country's real GDP growth reached 5% year-on-year in the first half of 2021, supported mainly by strong external and domestic demand. In addition, it projected real GDP to grow by 5.5% in 2021 and by 5.3% in 2022, and stated that growth could accelerate faster than expected next year if authorities maintain efforts to advance in implementing structural reforms. But it said that there are significant downside risks to the outlook that include geopolitical tensions, a slowdown in external demand, and heightened global financial market volatility. Also, it considered that a new wave of coronavirus infections could pose risks to the outlook and urged authorities to accelerate the vaccination program. It expected the inflation rate to start moderating in the second half of 2022, as the effects of supply-side and external shocks recede. In parallel, the IMF indicated that the fiscal deficit narrowed in the first half of 2021 due to the economic recovery and improved public revenue collections, and to the gradual scaling down of public spending. It considered that maintaining a credible medium-term fiscal framework is critical to the resilience of public finances and economic growth. Further, it expected robust exports and strong remittance inflows to narrow the current account deficit. Also, the IMF urged authorities to maintain the strong policy and reforms momentum, to build fiscal buffers, to lower the inflation rate, to safeguard financial stability, to reduce poverty and to improve living standards.

Source: International Monetary Fund

DEM REP CONGO

Economic activity to rebound to 6.2% in 2022

The International Monetary Fund (IMF) indicated that the Democratic Republic of Congo's economic recovery from the COVID-19 pandemic is underway, supported by the strong performance of the mining sector and by the rebound of activity in the non-extractive sector. As such, it projected the country's real GDP growth at 5.4% in 2021 and at 6.2% in 2022. In addition, it said that gross foreign currency reserves rose from $800m at end-2020 to $3.3bn at mid-October 2021, due to higher export commodities receipts. It considered that the increase in the government's revenues would provide space for additional public investments without undermining the fiscal balance in 2021. In parallel, it stated that the authorities reached a staff-level agreement with the IMF about the conclusion of the First Review under the three-year Extended Credit Facility (ECF) program. It indicated that the ECF program aims to improve the mobilization of revenues; to ensure the efficient and transparent use of public funds, including the special drawing rights allocation; to improve governance; to enhance public finances; and to tackle corruption and money laundering. It added that the program urged authorities to increase public spending on priority sectors, mainly on education, healthcare and basic infrastructure. Moreover, it pointed out that authorities are implementing several measures to maintain macroeconomic and financial stability. It added that the Central Bank of Congo has started to implement ambitious reforms to strengthen its independence.

Source: International Monetary Fund

BANKING

JORDAN

Construction and public services & utilities account for 42% of lending at end-September 2021

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks in Jordan totaled JD29.93bn, or $42.2bn, at the end of September 2021, constituting an increase of 4.5% from JD28.64bn, or $40.4bn, at end-2020 and from JD28.65bn, or $40.4bn, at end-September 2020. Loans in foreign currency represented 12% of the total at end September 2021 relative to 12.5% a year earlier. The resident private sector accounted for 89% of total credit at end-September 2021, unchanged from a year earlier, followed by the central government with 6.2% compared to 6.5% at end-September 2020, public entities with 2.3%, the non-resident private sector with 2.2%, and financial institutions with 0.4%. The distribution of credit by main sectors shows that construction represented JD7.7bn or 26% of the total at end-September 2021, up from 25.2% a year earlier, while public services & utilities accounted for JD4.7bn, or 15.8% of aggregate credit facilities. General trade followed with JD4.4bn or 14.7% of the total; then industry with JD3.5bn (11.8%); financial services with JD736.4m (2.5%); tourism, hotels & restaurants with JD697.6m (2.3%); agriculture with JD423.2m (1.4%); transportation with JD400.8m (1.3%), and mining with JD201.3m (0.7%). In parallel, loans & advances reached JD18.85bn at end-September 2021, followed by receivables of Islamic banks with JD7.87bn, overdrafts with JD2.8bn, credit cards with JD210.5m, and discounted bills with JD202m.
Source: Central Bank of Jordan

OMAN

Conservative regulatory framework mitigates credit concentration

Moody's Investors Service indicated that the credit profile of the banks in Oman is underpinned by 'moderate' economic and institutional strength, as well as by 'moderate' susceptibility to event risks. It noted that Oman's 'weak+' banking system's macro profile balances the adequate funding and liquidity buffers in the system against a high level of credit concentration. It considered that the real estate and construction sectors pose downside risks to the banks' asset quality due to the impact of the COVID-19 pandemic on borrowers, as loans to these sectors constituted 30% of the banks' lending portfolio at end-2019. It stated that the banks' loans-to-deposits ratio was 109% at end-June 2021, one of the highest in the Gulf Cooperation Council region. However, it said that the Central Bank of Oman's (CBO) conservative regulatory framework and a relatively low level of private sector debt moderate risks to financial stability from the high level of credit concentrations and recent credit growth. It pointed out that the CBO imposes strict limits on foreign-currency exposure, on risk associated with retail lending, as well as on debt burden ratios, balance sheet mismatches, and cash dividend distribution. Further, it expected Omani banks to remain primarily deposit-funded, reflecting the continued material reliance on large government-related deposits that account for 28% of deposits at end-June 2021. It noted that Omani banks benefit from sound liquidity buffers, as the banks' liquid assets increased from 22% of tangible banking assets at end-2020 to 24% at end-June 2021.
Source: Moody's Investors Service

TURKEY

Ankara to implement AML/FT 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, since October 2021, Turkey has made a high level political commitment to work with the FATF in order to strengthen the effectiveness of its AML/CFT regime. It noted that, since the adoption of the Mutual Evaluation Report (MER) in October 2019, Turkey has made progress on a number of the MER's recommended actions to improve its system. The FATF said that authorities will implement their action plan by giving more resources to the Financial Intelligence Unit (FIU) in order to supervise AML/CFT compliance by high-risk sectors and to increase inspections; as well as by applying sanctions for non-compliance. Also, it pointed out that authorities will use financial intelligence to support ML investigations and to increase proactive disseminations by the FIU. Further, it expected the authorities to undertake more ML investigations and to set out clear responsibilities and measurable performance objectives and metrics for the authorities responsible for recovering criminal assets and pursuing terrorism financing cases. In addition, it said that the plan includes conducting more financial investigations in terrorism cases and supervising Designated Non-Financial Businesses and Professions. Also, the FATF called on authorities to enhance international cooperation by improving mutual legal assistance and by implementing UN Security Council resolutions 1373 and 1267 about targeted financial sanctions related to terrorism and terrorism financing. Further, the FATF urged authorities to implement a risk-based approach to supervise the activities of NPOs, in order to prevent abuse for TF purposes.
Source: Financial Action Task Force

ANGOLA

Banking sector facing significant challenges

Moody's Investors Service indicated that the macro profile of Angola's banking system, which it rates as 'Very Weak', is constrained by a score of 'b2' on the country's economic strength indicator, a score of 'b3' on the institutional framework category, as well as a score of 'ba' on the susceptibility to event risk indicator. It said that a weak legal framework, lax risk management and governance, and limited financial data and borrower information, hinder credit conditions for Angolan banks. It pointed out that the banks' dollarization levels have decreased in recent years, as foreign currency-denominated loans regressed from 43% of total loans at end-2012 to 30% at end-2020. But, it considered that mismatches between short-term foreign currency deposits and longer-term foreign currency loans would continue to pose liquidity risks for banks. It noted that foreign currency funding is tight due to the volatility of foreign currency earnings from oil exports. Further, it stated that Angolan banks have lost most of their dollar correspondent banking relationships with foreign banks, as they did not meet international standards related to money laundering and terrorism financing, despite the authorities' efforts to address these deficiencies since 2015. Also, it noted that the proportion of total loans to total assets remains low at 26%, which limits the banks' balance sheet risks despite the risks posed by the high level of non-performing loans.
Source: Moody's Investors Service

Oil prices to average $82 p/b in fourth quarter 2021

ICE Brent crude oil front month prices stood at $80.28 per barrel (p/b) on October 17, 2021, decreasing by $2.15 p/b or by 2.61% from $82.43 p/d a day earlier, the lowest price reached in nearly six weeks. The decline in oil prices came after the U.S administration asked China, India and Japan, the largest oil consuming nations, to release oil from their strategic reserves, in a bid to control the unbalanced oil market and to reduce global oil prices in the near term. Also, China and the U.S. announced on November 16, 2021 that they will release oil from their strategic petroleum reserves in order to help reduce oil prices, since the two countries are suffering from high inflation rates as a result of elevated commodity prices. In parallel, Moody's Investors Service attributed the rise in global oil prices to the strong recovery in global economic activity in 2021. The agency expected that, despite the decision of the OPEC+ coalition to raise gradually oil production, the low spare of its production capacity will boost oil prices in 2022 amid fast-growing global oil demand. However, it considered that the rise of oil output from non-OPEC+ producers could rebalance the oil market without contributing to further oil price increases in 2022. In parallel, the U.S. Energy Information Administration forecast oil prices to average $82 p/b in the fourth quarter of 2021, $71.59 p/b in 2021, and $71.91 p/b in 2022.
Source: EIA, Moody's Investors Service, Refinitiv, Byblos Research

OPEC's oil basket price up 11% in October 2021

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $82.11 per barrel (p/b) in October 2021, representing an increase of 11% from $73.88 p/b in September 2021. Angola's Girassol price was at $84.47 p/b, followed by Equatorial Guinea's Zafiro at $84.12 p/b and Algeria's Sahara blend at $83.54 p/b. All prices in the OPEC basket posted monthly increases of between $7.73 p/b and $10.09p/b in October 2021.
Source: OPEC

Middle East demand for gold bars and coins down 11% in third quarter of 2021

Net demand for gold bars and coins in the Middle East totaled 15.6 tons in the third quarter of 2021, constituting a decline of 11.2% from 17.6 tons in the same period of 2020. It accounted for 6.2% of global demand for gold bars and coins in the covered period. Demand for gold bars and coins in Iran reached 8.4 tons and represented 53.5% of the region's total demand. Saudi Arabia followed with 2.5 tons (16.1%), then the UAE with 1.9 tons (12.1%), Kuwait with 0.8 tons (5.4%), and Egypt with 0.6 tons (4%).
Source: World Gold Council, Byblos Research

OPEC oil output up 1% in October 2021

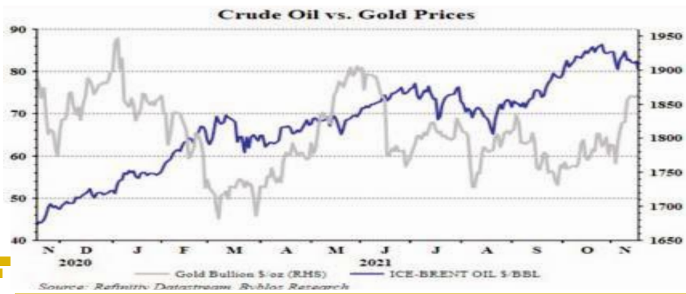
The members of the Organization of Petroleum Exporting Countries, based on secondary sources, produced 27.4 million barrels of oil per day (b/d) on average in October 2021, constituting a marginal increase of 0.8% from 27.2 million b/d in September 2021. Saudi Arabia produced 9.8 million b/d, or 35.5% of OPEC's total output, followed by Iraq with 4.1 million b/d (15.1%), the UAE with 2.8 million b/d (10.3%), Iran and Kuwait with 2.5 million b/d each (9.1%).
Source: OPEC

Base Metals: Nickel prices to reach $19,000 per ton in fourth quarter 2021

The LME cash prices of nickel averaged $18,228 per ton in the year-to-November 17, 2021 period, up by 36% from an average of $13,414 a ton in the same period of 2020. Prices peaked at $21,046 per ton on October 20, 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. The prices of nickel dropped in mid-November, following their recent record-high, as global demand for the metal is receding amid the transition to clean energy. In parallel, Citi Research projected the total refined supply of nickel at 3.12 million tons in 2022 relative to 2.74 million tons in 2021. Further, it forecast global demand for the metal at 3.1 million tons in 2022 compared to 2.8 million tons in 2021. It indicated that any significant disruptions to the supply of nickel in Indonesia could tip the market of the metal into deficit. It said that limits on the production capacity of steel in China weigh on demand for stainless steel, which would affect the demand and price of nickel. However, it 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, Standard Chartered Bank forecast nickel prices to average $18,331 per ton in 2021 and $18,675 per ton in 2022.
Source: Citi Research, Standard Chartered Bank, Refinitiv, Byblos Bank

Precious Metals: Palladium prices to average $2,213 an ounce in 2022

Palladium prices averaged $2,473.8 per troy ounce in the year-to-November 17, 2021 period, up by 14% from an average of $2,169.6 an ounce in the same period last year. Prices surged to an all-time high of $3,000 per ounce on May 4, 2021 supported by expectations of a rebound in auto sales, as about 80% of demand for palladium originates from the automotive sector, where the metal is used as a key component of pollution-control devices in vehicles. In parallel, Citi Research indicated that, in the first week of October, palladium prices dropped to their lowest level since the beginning of the COVID-19 outbreak in early 2020, due to chip shortages and other logistical issues that have restrained the demand for the metal. It projected total refined supply of palladium at 7.4 million ounces in 2022 relative to 6.9 million ounces in 2021. Also, it forecast demand for the metal in 2022 at 11.3 million ounces compared to 10.6 million ounces in 2021. It projected palladium prices to recover to $2,400 per ounce for the next three months following a rise in the demand for the metal amid the recovery in automotive production. But it expected the palladium market to remain in deficit over the next two years, given the ongoing shift from palladium to platinum in catalytic converters. Further, Standard Chartered Bank forecast palladium prices at $2,412 per ounce in 2021 and $2,213 an ounce in 2022.
Source: Citi Research, Standard Chartered Bank, 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+	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	CCC	Caa1	CCC		B+								
	Negative	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	Stable	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	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	04-Nov-21	No change	N/A
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	10-Nov-21	No change	22-Dec-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	15.00	18-Nov-21	Cut 100bps	16-Dec-21
South Africa	Repo Rate	3.75	18-Nov-21	Raised 25 bps	N/A
Kenya	Central Bank Rate	7.00	28-Sep-21	No change	29-Nov-21
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	30-Nov-21
Mexico	Target Rate	5.00	11-Nov-21	Raised 25 bps	16-Dec-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	1.75	09-Nov-21	Raised 25bps	10-Jan-22
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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON
Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ
Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

UNITED ARAB EMIRATES
Byblos Bank Abu Dhabi Representative Office
Al Reem Island – Sky Tower – Office 2206
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336050 - 2 6336400
Fax: (+ 971) 2 6338400
E-mail: abudhabirepoffice@byblosbank.com.lb

ARMENIA
Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM
Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM
Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE
Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

CYPRUS
Limassol Branch
256 Archbishop Makariou III Avenue, Eftapaton Court
3105 Limassol - Cyprus
Phone: (+ 357) 25 341433/4/5
Fax: (+ 357) 25 367139
E-mail: byblosbankcyprus@byblosbank.com.lb

NIGERIA
Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE
Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293