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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Infrastructure projects with private participation up 68% to $36bn in first half 2021

Figures released by the World Bank show that investment commitments in infrastructure projects with private participation in developing economies, or public-private investments (PPIs), totaled $35.6bn in the first half of 2021, constituting a rise of 68% from around $21.6bn in the same period of 2020. It said that PPIs in the transportation sector reached $14.4bn in the first six months of 2021, or 40.4% of the total, followed by the energy field with $13.4bn (37.6%), investments in the water & sewage sector with $7.8bn (22%), and PPIs in municipal solid waste with $70.7m (0.1%). On a regional basis, Latin America & the Caribbean attracted $14.5bn in PPIs in the first half of 2021 and accounted for 40.7% of the total in the covered period, followed by East Asia & the Pacific with $9.9bn (27.8%), Europe & Central Asia with $4.7bn (13.2%), Sub-Saharan Africa with $3.6bn (10%), South Asia with $2.5bn (7%), and the Middle East & North Africa region with $415m (1.2%). In parallel, there were 133 infrastructure projects financed through PPIs in the first six months of 2021, compared to 128 such projects in the same period of 2020. PPI projects consisted of 62 projects in the energy sector, 40 in transportation sector, 23 projects in the water & sewage sector, and eight projects in municipal solid waste. Further, 39 developing economies attracted PPIs in the first half of 2021 relative to 32 countries in the same period of last year.

Source: World Bank

Corporate and sovereign Eurobond issuance at $679bn in 2022

Bank of America projected sovereigns and corporates in emerging markets (EMs) to issue $679bn in external debt in 2022, nearly unchanged from its forecast for 2021. It anticipated Emerging Asia to issue $359bn, or 53% of total EM external issuance in 2022, followed by the Emerging Europe, Middle East and Africa (EEMEA) region with $208bn (30.6%), and Latin America with $112bn (16.5%). Further, it forecast EMs to issue $179bn in sovereign Eurobonds in 2022, down by $4bn, or by 2.2%, from an estimated $183bn in 2021. On a regional basis, it projected Latin American sovereigns to issue $47bn in Eurobonds, representing 26.3% of aggregate EM sovereign output in 2022, followed by East Asia & the Pacific with $38bn (21.2%), Europe with $35bn (19.5%), the MENA region excluding GCC countries with $33bn (18.4%), and the GCC with $27bn (15%). Also, it forecast sovereign Eurobond maturities in the EM region at $67bn next year, which would result in net issuance of $112bn in 2022. In parallel, it forecast EM corporates to issue $500bn in bonds in 2022, unchanged from its estimate for 2021. On a regional basis, it expected corporates in Emerging Asia to issue $321bn, or 64.2% of total corporate bond output in 2022, followed by the EEMEA region with $114bn (22.8%), and Latin America with $65bn (13%).

Source: Bank of America

MENA

Stock markets up 24% in first 11 months of 2021

Arab stock markets increased by 24% and Gulf Cooperation Council equity markets grew by 25% in the first 11 months of 2021, relative to contractions of 5% and 2%, respectively, in the same period of 2020. In comparison, global stocks improved by 11.8%, while emerging market equities decreased by 3% in the covered period. Activity on the Beirut Stock Exchange, based on the official stock market index, surged by 162% in the first 11 months of 2021, the Damascus Securities Exchange rose by 79.4%, the Abu Dhabi Securities Exchange jumped by 69.4%, the Palestine Exchange grew by 27.3%, the Boursa Kuwait gained 25.6%, the Amman Stock Exchange expanded by 24.2%, the Saudi Stock Exchange improved by 23.8%, and the Dubai Financial Market advanced by 23.3%. In addition, the Bahrain Bourse yielded 16.1%, the Casablanca Stock Exchange appreciated by 16%, the Khartoum Stock Exchange gained 11.5%, the Muscat Securities Market expanded by 9.3%, the Qatar Stock Exchange grew by 9.1%, the Iraq Stock Exchange advanced by 8.6%, the Egyptian Exchange yielded 5.1%, and the Tunis Bourse increased by 2.3% in the first 11 months of 2021.

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

UAE

Earnings of Abu Dhabi firms up 48%, profits of Dubai firms up 60% in first nine months of 2021

The net income of 67 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED38.7bn, or $10.5bn, in the first nine months of 2021, constituting an increase of 48% from AED26.1bn, or $7.1bn, in the same period of 2020. Listed banks generated net profits of $3.9bn and accounted for 37% of the total earnings of publicly-listed firms in the covered period. Energy firms followed with $1.9bn (18%), then telecommunications firms with $1.8bn (17.1%), consumer goods companies $1.3bn (12.6%), investment & financial firms with $674m (6.4%), real estate companies with $478.7m (4.6%), services providers with $245.5m (2.3%), and insurers with $213.8m (2%), while industrial firms posted aggregate net losses of $9.3m in the first nine months of 2021. In parallel, the cumulative net income of 58 companies listed on the Dubai Financial Market that published their financials totaled AED23.9bn, or $6.5bn, in the first nine months of 2021, constituting an increase of 60.2% from AED14.9bn or $4bn in the same period of 2020. Listed banks generated net profits of $3.8bn, or 59.2% of net earnings in the covered period. Real estate & construction firms followed with $1.5bn or 23.6% of the total, then industrial companies with $234m (3.6%), transportation firms with $211m (3.3%), telecommunications companies with $209.2m (3.2%), insurers with $202.7m (3.1%), investment & financial services firms with $148.8m (2.3%), services providers with $82.6m (1.2%), and consumer staples firms with $23.2m (0.4%).

Source: KAMCO

OUTLOOK

WORLD

Global economic recovery to support outlook on life insurers

Moody's Investors Service anticipated that recovering economies around the world will support the sales and asset quality of global life insurers in 2022. It also considered that higher consumer awareness following the COVID-19 outbreak will boost global demand for life insurance products. Further, it expected insurance companies worldwide to shift from a spread-based model to a fee-based model, amid the anticipated tightening of monetary and financial conditions in the next two years, as central banks around the world intend to increase policy rates to mitigate for inflationary pressures. It also estimated that the adoption of successful digital strategies will support the transition of life insurers to a fee-based model by lowering distribution costs and unlocking new clients and product segments.

In parallel, it said that life insurers globally have increased their investments in less liquid or illiquid assets, such as private debt and mortgage loans, due to higher returns from these assets and to the ability of these investments to match the cash flow of their liabilities with long-term maturities. Also, it indicated that insurance firms worldwide have strong capital and liquidity buffers to mitigate the additional credit and liquidity risks from their higher allocation towards illiquid assets. However, it anticipated that the sourcing of high-quality illiquid assets will become increasingly difficult, as yields fall in response to higher demand for such assets. Also, it expected that tighter regulation on capital investments, in most cases, will reduce asset and interest rate risks.

Further, the agency anticipated that a resurgence of the pandemic, which may trigger new rounds of lockdowns and financial market corrections, could weaken the solvency and weigh on the sales of global insurers. It also expected that a sharp decline in interest rates globally could renew the risks of negative spreads and weaken profitability, while a shift back to spread-based business models in a sustained low interest-rate environment raises the vulnerability of insurers' profitability and capital levels to the volatility of interest rates.

Source: Moody's Investors Service

GCC

Non-oil real GDP projected to grow by 3.4% in 2022, fiscal deficit at 0.4% of GDP

The International Monetary Fund considered that the economies of the Gulf Cooperation Council (GCC) are gradually recovering from the fallout of the COVID-19 outbreak and the sharp drop in global oil prices. It projected real non-oil GDP growth in GCC countries at 3.8% in 2021 and 3.4% in 2022, supported by the normalization of activity following the rollout of the coronavirus vaccine and the authorities' supportive policies that have resulted in the rebound of non-oil sectors. Also, it expected real hydrocarbon GDP to recover due to higher global oil demand and the easing of oil production cuts under the OPEC+ agreement starting in August of this year. As such, it forecast real GDP in the GCC to grow by 2.5% in 2021 and 4.2% in 2022, following a contraction of 4.8% in 2020. It anticipated the extent and the pace of the recovery to vary across the region, and expected that countries that have a large share of contact-intensive sectors in their non-oil GDP to experience a slower rebound in economic activity in the near term. It considered that there are significant risks to the outlook, which include uncertainties about the evolution of the pandemic, tighter global financial conditions that would weigh on economies with limited fiscal buffers and high external financing needs, and the potential appreciation of the US dollar that would undermine the competitiveness of GCC countries.

In parallel, the IMF expected higher oil prices, the recovery in economic activity and the authorities' targeted fiscal support in some countries to improve the GCC region's fiscal balance. As such, it projected the aggregate fiscal deficit of GCC countries to narrow from 8.8% of GDP in 2020 to 1.8% of GDP in 2021 and 0.4% of GDP in 2022, and expected it to reach a balance by 2023. Also, it anticipated that fiscal consolidation efforts in several countries, along with stronger economic activity, to improve non-oil primary balances in the region, and forecast the non-oil fiscal deficit at about 35% of non-oil GDP in 2021. Still it considered that this figure masks substantial differences in fiscal consolidation efforts across GCC economies, and stressed the need for additional fiscal adjustment in countries with larger financing needs in order to ensure continued access to adequate financing. Further, it forecast the GCC region's current account balance to post surpluses of 6% of GDP in 2021 and 6.3% of GDP in 2022, supported by higher oil prices and production. However, it indicated that the pandemic has weighed on the regions' exports of services, which it expected to remain below pre-pandemic levels in most GCC economies in the near to medium terms.

Source: International Monetary Fund

IRAQ

Growth projected at 10% in 2022 contingent on increase in oil prices and production

Citi Research projected Iraq's real GDP to grow by 10.3% in 2022, following an estimated expansion of 3.6% in 2021, in case the OPEC+ coalition maintains the increase in oil output that it approved last August and if global oil prices average $71 per barrel next year. Also, it expected the country's nominal GDP to grow by about 28% in US dollar terms to $234.8bn this year, due mainly to higher public consumption, and following the pass through effect of the devaluation of the dinar on the inflation rate.

Further, it projected the government's fiscal balance to post surpluses of 0.6% of GDP in 2021 and of 2.4% of GDP in 2022, in case of a 12% increase in oil receipts. As a result, it forecast the public debt level to decline from 84.2% of GDP at the end of 2020 to 43.1% of GDP by end-2022. Also, it expected the current account balance to post surpluses of 4.4% of GDP in 2021 and of 4.9% of GDP in 2022 as a result of higher oil export receipts. Further, it forecast foreign currency reserves to rise from $54.4bn at the end of 2020 to $80.2bn by end-2022. As such, it did not expect authorities to face difficulties in servicing the government's external debt, as most of Iraq's external debt is to bilateral or to multilateral institutions, which translates into low liquidity risks to foreign currency reserves.

In parallel, it anticipated the fiscal and current account balances to shift back to deficits as it expected oil prices to decline in the medium term. As a result, it forecast the public debt level to reach 60% of GDP, and for foreign currency reserves to drop to between $50bn and $55bn by the end of 2026, unless authorities implement structural reforms or if oil prices unexpectedly increase. It considered that promoting growth in the non-oil private sector is key to achieving sustainable fiscal and external balances.

Source: Citi Research

EGYPT

External financing risks on the rise

Fitch Ratings indicated that Egypt is highly dependent on external financing, which exposes the country to less accommodative global financing conditions. It said that non-resident portfolio flows into Egypt's local-currency debt market have rebounded amid the receding impact of the COVID-19 outbreak, which has helped finance the large current account deficits that resulted from sustained strong domestic demand and a sharp drop in tourism receipts. It considered that many of the factors that underpin capital inflows to Egypt, such as the country's track record of reforms, International Monetary Fund-supported programs, high real interest rates and a stable exchange rate, are becoming less supportive of non-resident inflows. It noted that Egypt has exited its program with the IMF, elevated inflation rates are eroding real interest rates, and global financing conditions are becoming tighter. In parallel, the agency noted that the Central Bank of Egypt (CBE) has partially rebuilt its foreign currency reserves through non-resident inflows and other external funding. However, it pointed out that the aggregate foreign currency reserves at the CBE and the country's other foreign-currency assets remain slightly below pre-pandemic levels, while foreign currency reserves are significantly lower than their level prior to the outbreak. Still, it indicated that Egypt's relationship with bilateral and multilateral lenders, and its access to non-market financing, support the country's resilience to external shocks. Also, it expected Egypt to engage in a new IMF-supported program, particularly if it faces an external liquidity shock.

Source: Fitch Ratings

MOROCCO

Real GDP growth at 6.3% in 2021, among highest in MENA region

The International Monetary Fund indicated that the Moroccan authorities have initiated a broad range of structural reforms, supported by an adequate financing plan and a stable macroeconomic framework. It projected real GDP to expand by 6.3% in 2021, and pointed out that the growth rate is one of the highest in the Middle East & North Africa region this year. It forecast real GDP to grow by about 3% in 2022, in case agricultural output returns to average levels and non-agricultural activity continues to recover. It considered that the outlook is subject to uncertainties about the evolution of the pandemic, but expected that a fast and effective implementation of structural reforms will increase growth prospects over the medium term. In parallel, it encouraged authorities to step up efforts to further narrow the fiscal deficit and to bring the public debt level closer to pre-pandemic levels in the medium term, in order to rebuild fiscal buffers and increase the resilience of public finances. As such, it called on authorities to implement further changes to the tax system by increasing the tax base and enhancing the progressivity of taxes, as well as to rationalize and optimize public spending. Further, the IMF projected the current account deficit to return to pre-pandemic levels in 2021 and to stabilize at 3.5% of GDP over the medium term. It considered that the recent appreciation of the Moroccan dirham and the uncertainty about the nature of inflationary pressures provide an opportunity for accelerating the transition to an inflation-targeting framework.

Source: International Monetary Fund

SAUDI ARABIA

Target fiscal surplus of 2.5% of GDP in 2022

Jadwa Investment indicated that Saudi Arabia's budget for 2022 is targeting a real GDP growth rate of 7.4% next year, supported mainly by higher oil output from the easing of oil production cuts under the OPEC+ agreement. It added that the 2022 budget also targets growth rates of 3.5% and 4% in 2023 and 2024, respectively. In parallel, it said that the budget projects public expenditures of SAR955bn, or $254.4bn, which are 6% lower than actual spending this year, mainly due to an 18% decline in capital expenditures and a 4% decrease in current spending. It added that authorities are planning to focus their public expenditures plans in the 2023-24 period mainly on the improvement of government services, infrastructure development, mega-projects, and on the implementation of various projects under the Fiscal Sustainability Vision Realization Program. Further, it noted that the 2022 budget is targeting public revenues of SAR1.1 trillion, or $279.8bn, compared to SAR930bn, and pointed out that 'other revenues', which include oil receipts, are projected to rise by 19% in 2022 to SAR763bn. As such, it estimated that authorities used oil prices of between $70 per barrel (p/b) and $75 p/b to calculate revenues for next year. Also, it said that the budget projects tax receipts of SAR283bn in 2022, constituting a decline of 4% from expected tax revenues for 2021. As such, it noted that the Kingdom's budget is targeting a fiscal surplus of 2.5% of GDP in 2022, its first surplus since 2013, and that authorities are forecasting further surpluses in 2023 and 2024.

Source: Jadwa Investment

TURKEY

Agencies take rating actions on the sovereign

S&P Global Ratings affirmed Turkey's long- and short-term foreign currency sovereign credit ratings at 'B+' and 'B', respectively, and revised the outlook on the long-term ratings from 'stable' to 'negative'. It attributed the outlook revision to the expected rise of economic risks in the next 12 months from extreme currency volatility and rising inflation rates, amid the uncertainties about the authorities' stance on fiscal and monetary policies. It noted that the Turkish lira depreciated by about 45% so far this year, as the Central Bank of the Republic of Turkey (CBRT) continued to reduce its key policy rate despite high and rising inflation rates. It anticipated that the current monetary easing and the substantial depreciation of the lira will further raise inflationary pressures, and forecast the inflation rate to peak at between 25% and 30% in early 2022. Also, it expected the rapid depreciation of the lira to result in a rise in the net general government debt level, which it projected to increase by an additional eight percentage points of GDP this year and to reach 42% of GDP at end-2021. Further, S&P noted that it could downgrade the ratings in case the policy mix further undermines the exchange rate and weighs on the inflation outlook, which would heighten the risk of banking system distress and imply potential contingent liabilities for the government. In parallel, Moody's Investors Service affirmed at 'B2' Turkey's issuer and senior unsecured debt ratings, and maintained a 'negative' outlook on the ratings. It indicated that the outlook mainly reflects the unpredictability of the authorities' policy mix, in particular the CBRT's monetary policy stance that is weighing on the exchange rate and on volatile foreign capital flows.

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

AFRICA

Banking sector consolidation to accelerate

Moody's Investors Service anticipated the consolidation of banks in Africa to accelerate in the near term, as it forecast large banks to acquire smaller ones or for small banks to merge among each other. It also expected the authorities and central banks in many African countries to financially support such transactions among smaller banks through either capital injections or liquidity provisions. It indicated that the banking sectors in the continent have a large number of small banks with less than $1bn in total assets per bank, and said that previous consolidation trends covered primarily weak and undercapitalized banks that did not manage to raise their capital. It expected limited mergers and acquisitions (M&A) activity among larger banks, given that shareholders are unwilling to accept the dilution of their shares. It added that existing foreign-owned banks will limit the number of M&A transactions, as they intend to expand in Africa instead of consolidating with other local banks. It expected significant bank consolidation in Angola, the Democratic Republic of Congo, Egypt, Kenya, Tanzania, Tunisia and Uganda, but estimated that the probability of M&A deals taking place in Nigeria and South Africa to be low, as the top six banks in each of the these countries account for a sizeable market share. It pointed out that the large number of small banks in Africa increases the risk to financial stability, and that they have limited capacity to invest in risk management to strengthen their relationships with foreign banks, due to the increasing cost of compliance. In parallel, it stated that some African banking regulators have encouraged banks' consolidation by performing asset quality reviews and by asking undercapitalized banks to meet minimum capital requirements.

Source: Moody's Investors Service

TURKEY

Outlook on ratings of 20 banks revised to 'negative'

Fitch Ratings revised the outlook on the long-term foreign currency Issuer Default Ratings (IDRs) of 13 rated Turkish banks and the long-term local-currency IDRs of 20 banks from 'stable' to 'negative', following its similar action on the sovereign ratings. It attributed its decision to the rising macroeconomic, financial stability and external financing risks that could increase the authorities' intervention in the banking system, as well as to the risk of a further weakening of the government's ability to provide support in case of need. It noted that weaknesses in Turkey's external finances would impede the banks' ability to service their foreign-currency obligations. It pointed out that the IDRs of Emlak Katilim, Vakif Katilim, Turk Eximbank, Turkiye Kalkinma ve Yatirim Bankasi, Turkiye Sinai Kalkinma Bankasi, Turkiye Vakiflar Bankasi and Ziraat Bankasi are driven by the government's ability to provide support in local currency, as they have the same 'BB' rating as the sovereign. It said that the 'BB-' IDRs of the nine foreign-owned Turkish banks, Alternatifbank, Burgan Bank, Denizbank, Kuveyt Turk Katilim Bankasi, ING Bank, QNB Finansbank, Turk Ekonomi Bankasi, Turkiye Finans Katilim Bankasi and Turkiye Garanti Bankasi, benefit from a high probability of support from their higher-rated parent banks. Also, it pointed out that the 'B+' ratings of Akbank, Turkiye Is Bankasi and Yapi ve KrediBankasi are underpinned by the banks' standalone credit profiles, solid market share and franchises.

Source: Fitch Ratings

NIGERIA

Banking sector faces very high risks in terms of funding

S&P Global Ratings maintained Nigeria's banking sector in 'Group 10' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '10' and an industry risk score of '9'. The BICRA framework evaluates banking systems based on economic and industry risks facing banks, with 'Group 10' including the riskiest banking sectors. Ukraine is the only other country in BICRA's 'Group 10'. It indicated that the banking sector is exposed to high credit risks, given its elevated exposure to the oil sector and its sensitivity to currency fluctuations and high inflation rates. It said that Nigeria's economic risk score reflects its "extremely high risks" in economic resilience and credit risk in the economy, as well as its "high risks" in economic imbalances. It expected the banks' non-performing loans ratio to rise from 5.7% at end-June 2021 to 7% at end-2021, due to the lifting of forbearance measures. It projected credit losses to increase to 2% of total loans at end-2021, driven by a weak economic recovery. Further, it pointed out that the industry score reflects the country's "extremely high risks" in its institutional framework, "very high risks" in its system-wide funding, and "high risks" in its competitive dynamics. It considered that customer deposits, which finance more than 100% of loans, mitigate the banks' funding risks. It expected the sector's external position to stabilize in the near term, as banks prioritize lending in foreign currency to borrowers with foreign exchange revenues. It indicated that the trend for Nigeria's economic and industry risks is "stable".

Source: S&P Global Ratings

JORDAN

Ratings on six banks affirmed

Capital Intelligence Ratings affirmed at 'B+' the long-term foreign currency ratings (FCRs) of Arab Bank (AB), the Housing Bank for Trade and Finance (HBTF), Cairo Amman Bank (CAB), Safwa Islamic Bank (SIB), Jordan Commercial Bank (JCB) and the Arab Banking Corporation (Bank ABC Jordan). It also affirmed the Bank Standalone Ratings (BSRs) of the six banks at 'b+' and maintained the 'stable' outlook on the banks' FCRs and BSRs. It indicated that the ratings of the banks benefit from a high probability of government support, despite the moderate financial capacity of the sovereign. It noted that the deteriorating operating environment in Jordan and the banks' elevated exposure to government securities constrain the banks' ratings. It said that the ratings of Arab Bank are supported by a strong franchise and geographically diversified balance sheet, ample liquidity, and sound operating profitability. It pointed out that the ratings of SIB are underpinned by the bank's growing business franchise and good asset quality; and that the ratings of Bank ABC Jordan balance the bank's solid capitalization and adequate liquidity, against its small size and relatively limited market share. It added that the ratings of JCB are supported by sound and improved funding and liquidity, but noted that the bank's low capital adequacy ratio (CAR) is weighing on its ratings. It said that the ratings of CAB and HBTF reflect the banks' ample liquidity and comfortable CAR. In parallel, it considered that HBTF and Bank ABC Jordan have high levels of loan-loss reserve coverage for non-performing loans, while AB, CAB and JCB have adequate coverage.

Source: Capital Intelligence Ratings

Oil prices to average $75 p/b in 2022

ICE Brent crude oil front-month prices reached $73.88 per barrel (p/b) on December 15, 2021, constituting a surge of 7.3% from the month's low of $68.87 p/b on December 1, 2021. The rise in prices was driven by strong demand for oil from the United States, despite the impact of the Omicron variant of the coronavirus on global oil demand. Further, in its latest meeting held on December 13, 2021, OPEC members expected that the Omicron variant would have a mild impact on the global economy, as the world becomes better equipped to manage the pandemic. In parallel, the Institute of International Finance considered that OPEC+ producers may limit their output, in case of lower global demand for oil from the impact of the Omicron variant. It said that OPEC+ decision to maintain the current oil production policy assumes that the new global travel restrictions are temporary, given that the existing vaccines are likely to be effective against the new variant. In addition, it indicated that downside risks to oil prices are related to the possibility of a new agreement on the Iran nuclear deal with world powers in Vienna, which would lead to an increase in higher oil exports by Iran at about 1.5 million b/d in 2022. It added that a continued lower global oil production capacity if the decline in energy investment in new supply persists, as well as a limited increase in oil supply by OPEC+ pose upside risks to oil prices. In parallel, Refinitiv projected, through its latest crude oil price poll of 39 industry analysts, oil prices to average $71.25 p/b in 2021, $75.33 p/b in 2022 and $70.5 p/b in 2023.
Source: IIF, Refinitiv, Byblos Research

MENA's crude oil exports to increase by 4% in 2021

The International Monetary Fund anticipated crude oil exports from the Middle East & North Africa region to reach 16.85 million barrels per day (b/d) in 2021, which would constitute an increase of 3.6% from 16.26 million b/d in 2020. The GCC countries' oil exports would account for 69% of the region's oil exports this year, while non-GCC exporters would represent the balance of 31%. On a country basis, it projected Saudi Arabia's crude oil exports at 6.6 million b/d this year, or 39% of the region's oil exports, followed by Iraq at 2.4 million b/d (20.4%), and the UAE at 2.4 million b/d (14.2%).
Source: International Monetary Fund, Byblos Research

Angola's oil export receipts down 31% to $849m in November 2021

Oil exports from Angola reached 34.53 million barrels in November 2021, constituting a decrease of 1.3 million barrels from October 2021 and of 1.4 million barrels from the same month in 2020. The country's oil export receipts totaled KZ509bn, or $849m, in November 2021 and declined by 31.3% from K744.8bn ($1.2bn) in October 2021. They grew by 135.8% from KZ216bn ($327m) in November 2020.
Source: Ministry of Finance of Angola

OPEC's oil basket price down 2% in November 2021

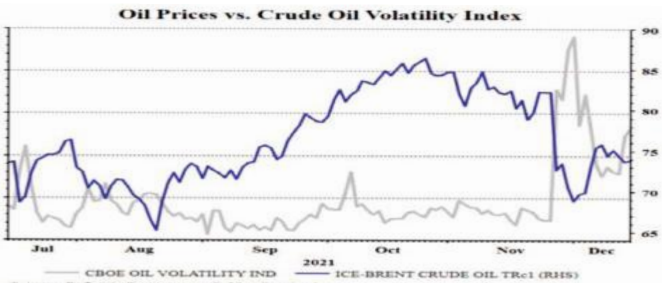
The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $80.37 per barrel (p/b) in November 2021, representing a decrease of 2% from $82.11 p/b in October 2021. Angola's Girassol price was at $82.29 p/b, followed by Equatorial Guinea's Zafiro at $82.25 p/b and Algeria's Sahara blend at $81.97 p/b. All prices in the OPEC basket posted monthly decreases of between $0.67 p/b and $2.18p/b in November 2021.
Source: OPEC

Base Metals: Aluminum prices to average $2,690 per ton in 2022

The LME cash price of aluminum averaged $2,4561.5 per ton in the year-to-December 15, 2021 period, constituting a surge of 45.6% from an average of $1,690.6 a ton in the same period of 2020. The rise in prices was mainly due to strong demand for the metal, decreasing LME-registered inventories, and improved prospects of a global economic recovery, as well as to concerns about supply tightness amid China's commitment to reduce carbon emissions through production cuts in the aluminum industry. Further, prices reached $3,149 per ton on October 15, 2021, their highest level in 13 years, mainly due to tight supply conditions and declining inventories of the metal in China, the world's biggest producer of aluminum, as well as to an increase in the prices of raw materials used in the production of refined aluminum. In parallel, Standard Chartered Bank indicated that slowdowns in the Chinese property sector and in global economic growth due to the impact of the omicron variant of the coronavirus on the economy are weighing on the price of aluminum. It expected aluminum prices to decline in 2022, but to remain at historical highs. Also, it considered that China's aluminum output is unlikely to rise significantly in the near to medium term, due to a rise in supply disruptions as a result of the Chinese government's increased scrutiny of energy and emissions targets. Also, it projected aluminum prices to average $2,690 per ton in 2022, and $2,675 a ton in 2023.
Source: Standard Chartered Bank, Refinitiv, Byblos Research

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

Palladium prices averaged $2,422.3 per troy ounce in the year-to-December 15, 2021 period, constituting an increase of 11% from an average of $2,184an 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 the latter have boosted autocatalyst demand from the automotive industry. In fact, 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, Standard Chartered Bank (SCB) forecast the palladium market to remain in deficit in 2022, due to the substitution of palladium to platinum in catalytic converters. It indicated that global imports of palladium decreased by 58% year-on-year in October 2021 due to chip shortages that have restrained the demand for the metal. Further, the World Platinum Investment Council estimated the substitution of palladium with platinum to increase from 200 kilo ounce (koz) in 2021 to 400 koz in 2022. In contrast, Nornickel expected palladium autocatalyst demand to remain elevated in the next five to six years, as it forecast the demand for platinum to only reach between 5% to 10% of autocatalyst demand for palladium in the long-term. Also, SCB projected palladium prices to average $2,213 per ounce in 2022 and $2,100 an ounce in 2023.
Source: Standard Chartered Bank, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	IHS								
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	B3	CCC	-	CCC								
	Stable	Stable	-	-	Negative	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+	B+								
	Stable	Stable	Stable	Stable	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	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	Stable	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+								
	Stable	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	Negative	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	LT Foreign currency rating S&P	Moody's	Fitch	CI	IHS	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
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+ Negative	B2 Negative	BB- Negative	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	15-Dec-21	No change	26-Jan-22
Eurozone	Refi Rate	0.00	28-Oct-21	No change	16-Dec-21
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	07-Dec-21	No change	01-Feb-22
New Zealand	Cash Rate	0.75	24-Nov-21	Raised 25bps	23-Feb-22
Switzerland	SNB Policy Rate	-0.75	16-Dec-21	No change	24-Mar-22
Canada	Overnight rate	0.25	08-Dec-21	No change	26-Jan-22
Emerging Markets					
China	One-year Loan Prime Rate	3.85	22-Nov-21	No change	20-Dec-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	23-Sep-21	No change	17-Mar-22
South Korea	Base Rate	1	25-Nov-21	Raised 25bps	14-Jan-22
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-Dec-21	No change	09-Feb-22
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	14.00	16-Dec-21	Cut 100bps	20-Jan-22
South Africa	Repo Rate	3.75	18-Nov-21	Raised 25bps	27-Jan-22
Kenya	Central Bank Rate	7.00	29-Nov-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	23-Nov-21	No change	N/A
Ghana	Prime Rate	14.50	22-Nov-21	Raised 100bps	31-Jan-22
Angola	Base Rate	20.00	30-Nov-21	No change	28-Jan-22
Mexico	Target Rate	5.00	11-Nov-21	Raised 25bps	16-Dec-21
Brazil	Selic Rate	9.25	08- Dec-21	Raised 150bps	N/A
Armenia	Refi Rate	7.75	14-Dec-21	Raised 50bps	N/A
Romania	Policy Rate	1.75	09-Nov-21	Raised 25bps	10-Jan-22
Bulgaria	Base Interest	0.00	01-Dec-21	No change	N/A
Kazakhstan	Repo Rate	9.75	06-Dec-21	No change	24-Jan-22
Ukraine	Discount Rate	9.00	9-Dec-21	Raised 50bps	20-Jan-22
Russia	Refi Rate	7.50	22-Oct-21	Raised 75bps	17-Dec-21

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