700 ISSUES+
Issue 704 | January 27, 2022

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

International tourist arrivals up 4% in 2021

Figures released by the United Nations World Tourism Organization (UNWTO) show that international tourist arrivals increased by 415 million in 2021, constituting a rise of 4% from 400 million global tourist arrivals in 2020 and a contraction of one billion visitors (-72%) from 2019. Further, the number of tourist arrivals to Europe increased by 19% in 2021 from the previous year, followed by a rise of 17% in arrivals to the Americas and to Africa (+12%), while tourist arrivals to the Asia & the Pacific region plunged by 65%, followed by a decline of 24% in arrivals to the Middle East. In addition, tourist arrivals to the Asia & the Pacific region dropped by 94% in 2021 relative to 2019, followed by a decline of 79% in arrivals to the Middle East, Africa (-74%), and to the Americas and Europe (-63% each). Further, it pointed out that international tourist arrivals declined by 62% in each of the third and fourth quarter of 2021 from the corresponding quarters in 2019. In parallel, the UNWTO estimated that tourism spending per visitor stood at nearly $1,300 in 2020 and could exceed $1,500 in 2021. It forecast total export revenues from international tourism at about $700bn in 2021, down from $1.7 trillion (tn) in 2019, and estimated the direct economic contribution of tourism at $1.9tn in 2021 compared to $1.6tn in 2020 and $3.5tn in 2019.

Source: World Tourism Organization

MENA

Cost of living varies among Arab countries

Crowd-sourced global database Numbeo, ranked Lebanon in 28th place among 139 countries worldwide and in first place among 17 Arab countries on its Cost of Living index for 2022. Qatar followed in 35th place, then the UAE (38th), Palestine (39th) and Bahrain (44th) as the five Arab countries with the highest cost of living. Also, the index ranked Morocco (110th), Egypt (127th), Syria (128th), Tunisia (132nd), and Algeria (135th) as the five Arab economies with the lowest cost of living. The index covers the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimate of apartment rents compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices. Further, the Rent Index shows that the UAE has the highest residential rents regionally, while rents in Algeria are the lowest. Also, the Groceries Index indicates that grocery prices in Yemen are the highest in the Arab world, while such prices are the lowest in Tunisia. In addition, the Restaurant Index shows that Qatar has the highest prices of meals and drinks at restaurants and pubs, while Algeria has the lowest such prices regionally.

Source: Numbeo, Byblos Research

GCC

IPOs up 358.5% to $7.52bn in 2021

Figures released by KAMCO indicate that capital raised through initial public offerings (IPOs) in the economies of the Gulf Cooperation Council (GCC) totaled $7.52bn in 2021, constituting a surge of 358.5% from $1.64bn in 2020. The significant increase in proceeds is mainly due to the rebound in global economic activity, stimulus-led liquidity, and to the strong performance of stock markets. Also, the figures show that there were 20 IPOs in the GCC countries in 2021 relative to seven listings in 2020, 10 deals in 2019 and 17 IPOs in 2018. Further, capital raised through IPOs in GCC countries accounted for 1.7% of total capital raised through IPOs worldwide, while the number of IPO deals in the region represented 0.8% of the number of global IPOs in 2021. There were 15 listings in Saudi Arabia that raised $4.65bn in 2021, followed by four IPOs in the UAE ($2.9bn), and one deal in Oman ($13m). The financial sector raised about $1.3bn in capital through IPOs in 2021, followed by utilities firms ($1.2bn), the communication sector ($1.13bn), the energy sector ($1.1bn), and technology firms ($967m). In addition, the IPO of one Real Estate Investment Trust raised $13m last year. In parallel, there were 199 IPOs in GCC countries that raised $49.8bn during the 2013-2021 period.

Source: KAMCO

SAUDI ARABIA

Venture capital funding up 270% to $548m in 2021

Figures released by online platform Magnitt shows that venture capital (VC) funding in Saudi Arabia reached a record high of $548m in 2021, constituting a jump of 270% from $148m in 2020. VC investments in the Kingdom totaled $107m in 2019, $63m in 2018, and $43m in 2017. Further, the number of VC deals totaled 139 in 2021 and surged by 54% from 90 investments in 2020 relative to 67 deals in 2019, 56 transactions in 2018, and 30 transactions in 2017. In parallel, VC investments in e-commerce companies amounted to $170m and accounted for 31% of aggregate VC investments in Saudi Arabia in 2021, followed by enterprise software firms with $132m (24%), fintech firms with 91m (16.6%), companies in the food & beverage sector with $37m (6.8%), and healthcare firms with $26m (4.7%). Also, there were 27 investments in the fintech sector, or 19.4% of the aggregate number of deals in 2021, followed by e-commerce firms and transport & logistics companies with 18 deals each (13% each), the healthcare sector with 12 transactions (8.6%), and enterprise software with 8 investments (5.8%).

Source: Magnitt

OUTLOOK

WORLD

Real GDP growth at 4.4% in 2022, risks tiled to the downside

The International Monetary Fund projected global real GDP to expand by 4.4% in 2022, constituting a downward revision of 0.5 percentage points from its October 2021 forecast of a 4.9% growth rate for the year, and compared to an expansion of 5.9% in 2021. It attributed its downward revision to the impact of the Omicron variant on economic activity as a result of mobility and health considerations. But it expected the negative impact to fade starting in the second quarter of the year, in case the global surge in infections recedes. It projected real GDP in advanced economies to grow by 3.9% in 2022 relative to its October forecast of a 4.5% expansion, as it anticipated economic activity in Germany and the U.S. to slow down this year. Also, it forecast the real GDP of emerging markets & developing economies to expand by 4.8% this year compared to a previous growth projection of 5.1%, mainly due to weaker activity in China.

The IMF projected real GDP in Emerging & Developing Asia to grow by 5.9% in 2022, mainly due to growth rates of 4.8% and 9% in China and India, respectively, and to expand by 5.8% next year. It expected economic activity in the Middle East & North Africa to grow by 4.3% this year and by 3.6% in 2023, and forecast the real GDP of Sub-Saharan Africa to expand by 3.7% in 2022 and by 4% next year. Further, it anticipated the real GDP of the Emerging & Developing Europe and Latin America & the Caribbean regions to grow by 3.5% and 2.4% in 2022, respectively, as well as by 2.9% and 2.6% in 2023, respectively

The IMF considered that risks to the global economic outlook are tilted to the downside. It anticipated that the emergence of new COVID-19 variants could prolong the pandemic, deepen its intensity and induce renewed economic disruptions. Also, it expected potential supply chain disruptions, the volatility of energy prices, and localized wage pressures to constitute uncertainties about inflation and the direction of fiscal and monetary policies. Further, it estimated that a faster-than-anticipated monetary tightening would lead to less favorable external financial conditions, which could set back the economic recovery in emerging markets & developing economies and weigh on global economic growth.
Source: International Monetary Fund

GHANA

External financing requirements at $2bn to $5.5bn in 2022

Goldman Sachs anticipated that Ghana will face significant external financing needs in 2022, due to the country's wide current account deficit and to expenditures related to the liabilities of the energy sector. It also anticipated that capital outflows from the local debt market and the underperformance of public revenues to exacerbate financing pressures.

In its baseline scenario, it assumed capital outflows of only $400m in redemptions of domestic debt held by non-residents and $1bn in external payments related to energy sector liabilities in 2022. As such, given a current account deficit of $3bn this year, it projected Ghana's external financing requirements at about $2.5bn for 2022, and expected authorities to finance their obligations from foreign currency reserves that it estimates at about $11bn at end-2021. In parallel, under its pessimistic scenario, it assumed $2bn in foreign investor outflows and energy sector liabilities of $1.5bn. As such, it forecast external financing requirements at between $5bn and $5.5bn this year, and expected authorities to draw down 50% of the official foreign currency reserves to meet the country's obligations in case they fail to obtain alternative financing. It anticipated that this scenario would lead to significant depreciation pressures on the Ghanaian cedi, which would weigh on public debt metrics. As a result, it expected authorities to intervene in the currency market to support the cedi, which would lead foreign currency reserves to further decline. In addition, under its optimistic scenario, it assumed a stronger current account balance, due to the recovery in oil production that would boost oil exports by $500m. Also, it anticipated authorities to obtain the required external and domestic funding from international and local markets. As such, it expected Ghana to meet its fiscal financing needs that it forecast at about $2bn in 2022.
Source: Goldman Sachs

SAUDI ARABIA

Economic activity to expand by 2% annually in 2022-23 period

BNP Paribas projected Saudi Arabia's real GDP growth to accelerate from 2.8% in 2021 to 5.7% in 2022, mainly due to an anticipated 8.8% growth in hydrocarbon activity from rising oil production. Also, it expected household consumption and investment to be the main drivers of real non-oil GDP growth, which it forecast at 3.7% this year. It projected real GDP growth to decelerate to 2.2% in 2023 amid the stabilization of oil production. It also anticipated public sector investments to support economic activity next year. Still, it expected the deal that national oil company Aramco signed at the end of 2021 to lease and leaseback its gas pipeline network to attract foreign direct investments in 2022 in excess of 2% of GDP. Further, it forecast the inflation rate to slightly decline from an average of 3.5% in 2021 to 3% in 2022, in case authorities do not further increase the value-added tax rate. Also, it anticipated the rise in public-sector wages since mid-2021 to support consumer spending in the short term, but considered it to be a risk to core inflationary pressures.

In parallel, it projected the fiscal balance to shift from a deficit of 1.4% of GDP in 2021 to surpluses of 3.6% of GDP in 2022 and 2.5% of GDP in 2023, in case of higher non-oil revenues and if oil prices average more than $73 per barrel (p/b) in the 2022-23 period. It expected the increase in non-oil receipts to result in a lower fiscal breakeven oil price of $70 p/b in 2022 compared to an average of $84 p/b in the 2015-2019 period. As such, it forecast the public debt level to decline from 29% of GDP at end-2021 to 23% of GDP by end-2023. Still, it anticipated authorities to increase bond issuance on international markets, in order to cover significant repayments of debt maturities. Further, it forecast the current account surplus to increase from 3.8% of GDP in 2021 to 6.8% of GDP in 2022, but to decrease to 2.5% of GDP in 2023, while it projected the external debt level to remain stable at about 30% of GDP in the 2021-23 period. It also expected foreign currency reserves at the Saudi Central Bank to rise from $407bn at the end of 2021 to $507bn at end-2023.
Source: BNP Paribas

UAE

Sovereign rating affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the long-term foreign and local currency ratings of the United Arab Emirates at 'AA-', with a 'stable' outlook. It indicated that the ratings reflect the strong position of the UAE's fiscal external accounts, due to the country's substantial financial assets. It pointed out that the ratings are supported by a stable political environment, a successful economic recovery from the COVID-19 outbreak, and an elevated GDP per capita. The agency added that the ratings reflect its expectations that the Emirate of Abu Dhabi will support federal institutions in case of need. However, it noted that the ratings are constrained by the high dependence of the economy on hydrocarbons, by the authorities' limited capacity to change the size and structure of the budget, as well as by geopolitical uncertainties. Also, it stated that the 'stable' outlook balances the country's solid external position against elevated financing risks of the government-related entities (GREs) of the Emirate of Dubai. In parallel, the agency considered that it may upgrade the ratings if the authorities implement structural reforms that would reduce the economy's reliance on oil exports and improve the intuitional framework, and if geopolitical tensions recede. But it pointed out that it may downgrade the ratings in case global oil prices decline, public and external finances deteriorate, or if the financing risks of Dubai's GREs increase.

Source: Capital Intelligence Ratings

TUNISIA

External financing challenges to persist

Barclays Capital did not expect the Tunisian authorities to reach a deal with the International Monetary Fund on a structural reforms program in 2022, given the unstable domestic political landscape. As such, it anticipated that authorities will have to resort to alternative sources of funding to meet the government's financing needs. It said that the budget for 2022 targets ambitious fiscal consolidation, including to the public-sector wage bill. However, it did not expect the authorities to meet the budget's projections, as it estimated that the targets for value-added tax receipts are exaggerated and anticipated difficulties in mobilizing external funding. However, it pointed out that, despite the authorities' commitment to fiscal discipline, the budget includes an 11% rise in social transfers to 10.3% of GDP. As such, it considered that the focus on subsidies and social transfers highlights the impact of the country's fragile political environment and, in turn, the risks to the execution of fiscal consolidation measures. Further, it indicated that Tunisia's funding gap in 2022 is similar to last year at TND19.9bn, or $6.9bn. It added that authorities are expecting to finance TND12.6bn, or $4.5bn, from external sources. Still, it said that the 2022 budget assumes that external support will decline by TND2.2bn ($760m) this year, but noted that authorities have factored in TND2.7bn ($930m) in internationally-guaranteed bonds. Also, it anticipated that authorities will find it as challenging to mobilize external funding this year as they did last year. It expected that the absence of market access and of an agreement with the IMF will result in external financing pressures, despite manageable external debt maturities in 2022.

Source: Barclays Capital

ANGOLA

Sovereign ratings upgraded on improving fiscal and external balances

Fitch Ratings upgraded Angola's short- and long-term foreign currency Issuer Default Ratings from 'C' and 'CCC', respectively, to 'B' and 'B-', respectively, with a 'stable' outlook on the long-term ratings. It attributed the upgrade to the significant improvement in the country's fiscal and external balances as a result of positive real GDP growth, the authorities' sound fiscal management, and higher global oil prices. The agency indicated that the public debt level declined from 123.8% of GDP at the end of 2020 to 78.5% of GDP at end-2021, and forecast it to reach 73% of GDP by end-2023 in case of a stable Angolan kwanza and sustained fiscal consolidation efforts. Still, it anticipated that the COVID-19 outbreak will continue to weigh on public spending, while it expected that the government will avoid further fiscal consolidation ahead of the 2022 general elections. In parallel, it noted that liquidity pressures have eased considerably due to higher oil export receipts, but projected the current account surplus to narrow from 7.4% of GDP in 2022 to 2.8% of GDP in 2023, in case of a slight decline in oil prices. It anticipated pressure on external finances to intensify in case of a sharp drop in oil prices, given the rising level of the country's external debt. However, it pointed out that the fiscal and external adjustments have lowered the breakeven oil prices to about $50 per barrel, which resulted in the buildup of buffers to mitigate any potential pressure on liquidity.

Source: Fitch Ratings

KUWAIT

Approval of debt law is key to addressing financing needs

JPMorgan Chase indicated that Kuwait's draft budget for the fiscal year that ends in March 2023 targets a deficit of KWD3.1bn, or the equivalent of about 7.1% of GDP. It noted that the proposed deficit is nearly four times smaller than the submitted deficit of about 30% of GDP for FY2021/22. It said that the new budget assumes global oil prices at $65 per barrel (p/b) and a fiscal breakeven oil price of $75 p/b. However, it projected the fiscal balance to post a surplus of 1.4% of GDP in FY2022/23, and would become a surplus of 5.5% of GDP when including investment income and transfers of public entities, as it expected oil prices to average $88 p/b in 2022. Also, it noted that the budget stipulates that the transfer of 10% of total public revenues to the Future Generation Fund has become conditional on posting a fiscal surplus, which would ease the pressure on public finances. Still, it considered that the approval of a new debt law is essential to manage the financing needs of the government, despite the expected improvement in Kuwait's fiscal balance. It pointed out that Kuwait has not been able to tap the domestic or international capital markets since 2017 due to expiration of the previous debt law, and that authorities met the country's fiscal financing needs from the General Reserve Fund, which has raised questions about the country's capacity to avoid financing constraints in the near future. But it expected that the recently improved relationship between the government and Parliament will increase the possibility of a new debt law in 2022, and for Kuwait to issue debt on international and, possibly, on local markets after a five-year hiatus.

Source: JPMorgan Chase

WORLD

Agency maintains ratings and outlook on 65% of financial institutions in fourth quarter of 2021

Fitch Ratings' review of the ratings of 438 financial institutions in the fourth quarter of 2021 shows that the agency did not change the ratings or the outlooks on 284 financial institutions (FIs), or on 64.8% of rated FIs, in the covered period, while it revised the outlook on the ratings of 66 FIs to 'stable' (15% of the total), upgraded the ratings of 29 FIs (6.6%), and revised the outlook to 'positive' or placed the ratings of 16 FIs (3.7%) on Rating Watch Positive (RWP). Also, it downgraded the ratings of seven FIs (1.6% of the total), revised the outlook to 'negative' or placed the ratings of 34 FIs (7.8%) on Rating Watch Negative (RWN), and revised the outlook to 'evolving' or placed the ratings of two FIs on Rating Watch Evolving (RWE). In parallel, it noted that it did not change the ratings or outlooks on 168 banks, or 64% of the banks that it rates, while it revised the outlook on 47 banks (18%) to 'stable', upgraded the ratings of 16 banks (6%) and revised the outlook to 'positive' or put the ratings of six banks (2.3%) on RWP. It attributed the positive rating actions on banks to a combination of sovereign-driven actions, stronger credit profiles, and to mergers and acquisitions. In addition, it downgraded the ratings of five banks (2% of the total), revised the outlook to 'negative' or put the ratings of 18 banks (7%) on RWN, and revised the outlook to 'evolving' or had placed the ratings of two banks on RWE. The agency reviewed the ratings of 262 banks, 105 insurance companies, and 71 non-banking FIs in the covered period.

Source: Fitch Ratings

EMERGING MARKETS

Tighter financial conditions to exacerbate challenges for central banks

Moody's Investors Service indicated that the recent rise in yields in Germany and the United States reflects the expectations that major central banks will withdraw monetary and liquidity support to their economies, amid rising inflation rates and improving global macroeconomic conditions. It anticipated that central banks, including the U.S. Federal Reserve and the European Central Bank, could raise interest rates faster-than-expected if inflationary pressures do not subside. As such, it projected external financial conditions for emerging markets (EM) to tighten in the coming two years. The agency expected EM central banks to face challenges in supporting domestic growth, containing inflation rates and limiting the risk of future currency depreciations, amid a subdued or fragile economic recovery. It added that EM commodity importers are at risk of rising input prices, while currency depreciations are eroding the benefits from improving terms-of-trade in many EM commodity exporters. Also, it anticipated that EM economies with high foreign participation in domestic capital markets will be vulnerable to periods of volatility, and that central banks in these countries could adopt a tighter monetary policy to support growth. However, Moody's expected that EMs with large domestically-funded financial markets will be less vulnerable to sustained currency depreciations from capital outflows, and that EM countries that are recovering at a relatively faster pace to be better positioned to withstand tighter monetary policy in advanced economies.

Source: Moody's Investors Service

EGYPT

Drop in foreign assets to weigh on banks' ratings

Fitch Ratings anticipated that a sustained decline in the foreign assets of Egyptian banks could weigh on their Viability Ratings, and could constrain the banks' foreign currency liquidity and debt repayment capacity. It noted that the banking sector's net foreign liabilities increased in the 10 months ending in November 2021 due to the drawdown of foreign assets despite a strong recovery in foreign portfolio inflows that rose from a low of $7bn at end-April 2020 to $32bn at end-October 2021. It estimated that the decline in foreign assets is due in part to the Central Bank of Egypt's withdrawals of its foreign currency deposits at domestic banks to meet its external debt obligations. In parallel, the agency pointed out that foreign assets covered 24% of foreign currency debt obligations at end-September 2021, down from 33% at end-2020, and estimated that this ratio dropped further by end-November 2021. Also, it expected the banks' foreign assets to come under pressure in case of a renewed wave of sell-offs by foreign investors. It pointed out that foreign holdings of local-currency sovereign securities dropped by $2bn in October 2021 from an all-time high of $34bn at end-September 2021, which explains in part the sustained pressure on the banks' net foreign liabilities positions. Further, Fitch anticipated that a further tightening of foreign currency liquidity at banks, mainly at state-owned banks, could constrain their funding and liquidity profiles, as they are the main providers of foreign currency for the government and the public sector.

Source: Fitch Ratings

OMAN

Agencies take ratings action on banks

Fitch Ratings affirmed the short- and long-term Issuer Default Ratings (IDRs) of Bank Muscat, Bank Dhofar and National Bank of Oman at 'B' and 'BB-', respectively. It also revised the outlook on the long-term ratings from 'negative' to 'stable', following a similar action on the sovereign ratings. In addition, it said that the Omani operating environment has become more favorable for banks, as the pressures from the COVID-19 outbreak and low global oil prices have eased. Further, the agency affirmed at 'bb-' the Viability Ratings (VRs) of the three banks. It said that the VR of Bank Muscat reflects its dominant position in the Omani banking sector, its flagship status, and close links to the government. It added that the bank's rating also takes into account its resilient asset quality, sound profitability and capitalization metrics. In parallel, Moody's Investors Service indicated that the Central Bank of Oman recently approved the due diligence process ahead of a potential merger between Sohar International Bank and Bank Nizwa. It considered that the merger would be credit positive for the two banks because the new entity would have a large Islamic franchise and asset base, which would increase its interest income and deposit funding base. It estimated that the combined entity will have conventional and Islamic assets of about $14bn as at the end of September 2021, or the equivalent of 15% of the aggregate assets of the local banking system. Also, it expected the potential merger to result in limited cost synergies, given that the two banks have a high proportion of Omani workers who benefit from strong employment security.

Source: Fitch Ratings, Moody's Investors Service

Oil prices to average $76 p/b in 2022

ICE Brent crude oil front-month prices reached $90.47 per barrel (p/b) on January 26, 2022, constituting an increase of 16.3% from $77.8 p/b at the end of 2021 and a surge of 61.8% from a year earlier, and reaching their highest level since October 2014. The rise in oil prices was mainly due to increasing geopolitical tensions between Russia on one side, and the U.S. and NATO countries on the other side, over Russia's military buildup on Ukraine's borders, which could lead to tight supply of oil. However, oil prices regressed to nearly $89 p/b on January 27, 2022 driven by the increasing probability that the U.S. Federal Reserve could raise interest rates in March 2022. In parallel, Jadwa Investment indicated that global oil demand grew by 5.6 million barrels per day (b/d) to an average of 96.6 million (b/d) in 2021, driven by the recovery in global demand for oil to its pre-pandemic level in the fourth quarter of 2021 and that stood at 99.5 million b/d. It also projected global oil demand to rise by 4% in 2022 and to reach an all-time high of 100.8 million b/d, due to the global economic recovery and the easing of coronavirus-related measures. It expected a decline in spare production capacity, as well as decreasing levels of oil inventories, to support the oil price recovery in 2022. As such, it revised its forecast for oil prices from an average of $71 p/b to an average of $76 p/b in 2022. It added that a breakthrough in the negotiations on the Iran nuclear deal could lead to a delivery of one million b/d of Iranian oil to the market during 2022.

Source: Jadwa Investment, Refinitiv, Byblos Research

ME&A's oil demand to expand by 3% in 2022

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average is 12.66 million barrels per day (b/d) in 2022, which would constitute an increase of 3.3% from 12.25 million b/d in 2021. The region's demand for oil would represent 23.3% of demand in non-OECD countries and 12.6% of global consumption this year.

Source: OPEC

Angola's oil export receipts up 16% to $1bn in December 2021

Oil exports from Angola reached 31.13 million barrels in December 2021, constituting a decrease of 3.4 million barrels from November 2021 and of 5.2 million barrels from the same month in 2020. The country's oil export receipts totaled KZ591bn, or $1bn, in December 2021 and increased by 16% from KZ509bn ($849m) in November 2021. They grew by 77% from KZ333.7bn ($510m) in December 2020.

Source:Ministry of Finance of Angola

Global steel output up 4% in 2021

Global steel production reached 1.95 billion tons in 2021, constituting an increase of 3.7% from 1.88 billion tons in 2020. Production in China totaled 1,032.8 million tons and accounted for 53% of global output in 2021. India followed with 118.1 million tons (6%), then Japan with 96.3 million tons (5%), the U.S. with 86 million tons (4.4%), and Russia with 76 million tons (4%).

Source: World Steel Association, Byblos Research

Base Metals: Copper prices to average $9,725 per ton in first quarter of 2022

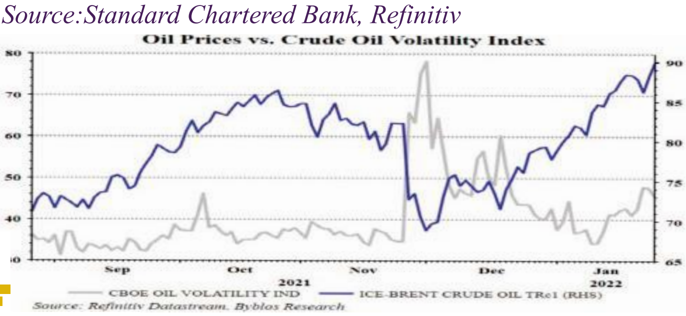
LME copper cash prices averaged $9,801 per ton in the year-to-January 26, 2022 period, constituting a rise of 22.8% from an average of $7,979.4 a ton in the same period of 2021. Supply disruptions and expectations of robust demand drove the surge in prices, amid the anticipated stronger global economic recovery. Also, copper prices declined to $9,952.5 a ton on January 26, 2021 from an all-time high of $11,299.5 per ton on October 18, 2021, as a slowdown in economic activity in China put pressure on the metal's price. In parallel, the latest available figures show that global demand for refined copper was 20.9 million tons in the first 10 months of 2021, up by 1% from the same period of 2020, due to a 9.5% increase in global demand excluding China. Further, the demand for the metal in China declined by 5.5% in the covered period, driven by a 31% decrease in the imports of net refined copper. In parallel, global refined copper production grew by 1.4% to 20.6 million tons in the first 10 months of the year, as higher output from Belgium, China, the Democratic Republic of the Congo, India and the United States was partially offset by lower production in Brazil, Chile, Germany, Japan, Myanmar, Russia, Spain and Sweden. Further, Goldman Sachs projected copper prices to average $9,725 per ton in the first quarter and $9,850 a ton in the second quarter of 2022.

Source: ICSG, Standard Chartered Bank, Refinitiv

Precious Metals: Silver prices projected to average $23 per ounce in 2022

Silver prices averaged $25.1 per troy ounce in 2021, constituting an increase of 22.4% from an average of $20.5 an ounce in 2020. Prices averaged $26.2 per ounce in the first quarter of 2021 and then grew to $26.7 per ounce in the second quarter, due mainly to a surge in inflation rates globally, which has reinforced the appeal of the metal as a hedge against inflation and as a cheaper alternative to gold. In contrast, silver prices declined to an average of $24.3 per ounce in the third quarter and decreased to $23.4 per ounce in the fourth quarter, driven by slowdowns in demand for the metal, higher U.S. Treasury yields and a stronger US dollar, amid expectations that the U.S. Federal Reserve could tighten its monetary policy faster-than-expected. In parallel, Standard Chartered Bank projected the global supply of silver at 33.1 kilotons in 2022 relative to 31.5 kilotons in 2021, with mine output representing 81.4% of the total. Further, it forecast demand for the metal at 31.7 kilotons in 2022 compared to 30.3 kilotons in the previous year. It expected the demand for the metal to continue to increase in 2022, driven by a recovery in the automotive sector, in line with the expected growth in the photovoltaic sector. It forecast silver prices to average $23.7 per ounce in the first quarter, $22 an ounce in the second quarter, $22.5 per ounce in the third quarter and $23.5 an ounce in the fourth quarter of 2022. As such, it projected silver prices to average $22.9 per ounce in 2022.

Source:Standard Chartered Bank, Refinitiv



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 (%)
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	B3	B-	-	CCC								
	Stable	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	Stable	-	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	-	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	Stable	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	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								
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	26-Jan-22	No change	N/A
Eurozone	Refi Rate	0.00	16-Dec-21	No change	03-Feb-22
UK	Bank Rate	0.25	16-Dec-21	Raised 150bps	N/A
Japan	O/N Call Rate	-0.10	18-Jan-22	No change	18-Mar-22
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	26-Jan-22	No change	02-Mar-22
Emerging Markets					
China	One-year Loan Prime Rate	3.70	20-Jan-22	Cut 10bps	21-Feb-22
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	14-Jan-22	Raised 25bps	24-Feb-22
Malaysia	O/N Policy Rate	1.75	20-Jan-22	No change	03-Mar-22
Thailand	1D Repo	0.50	22-Dec-21	No change	09-Feb-22
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	9.25	16-Dec-21	No change	04-Feb-22
Jordan	CBJ Main Rate	2.50	01-Sep-21	Cut 100bps	N/A
Turkey	Repo Rate	14.00	20-Jan-22	No change	17-Feb-22
South Africa	Repo Rate	4.00	27-Jan-22	Raised 25bps	24-Mar-22
Kenya	Central Bank Rate	7.00	26-Jan-22	No change	N/A
Nigeria	Monetary Policy Rate	11.50	25-Jan-22	No change	22-Mar-22
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	5.50	16-Dec-21	Raised 50bps	10-Feb-22
Brazil	Selic Rate	9.25	08- Dec-21	Raised 150bps	02-Feb-22
Armenia	Refi Rate	7.75	14-Dec-21	Raised 50bps	01-Feb-22
Romania	Policy Rate	2.00	10-Jan-22	Raised 25bps	09-Feb-22
Bulgaria	Base Interest	0.00	01-Dec-21	No change	28-Jan-22
Kazakhstan	Repo Rate	9.75	24-Jan-22	Raised 50bps	09-Mar-22
Ukraine	Discount Rate	10.00	20-Jan-22	Raised 100bps	03-Mar-22
Russia	Refi Rate	8.50	17-Dec-21	Raised 100bps	11-Feb-22

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

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

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