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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt equivalent to 351% of GDP at end-2021

The Institute of International Finance indicated that the global debt level, which includes the debt of governments, companies and households, reached $303.5 trillion (tn) at end-2021, constituting an increase of 3.7% from $292.6tn at end-2020. The debt of developed markets accounted for 68.5% and the debt of emerging markets (EM) represented 31.5% of the total. It noted that the global debt level was equivalent to 351% of global GDP at the end of 2021 compared to 360% of GDP a year earlier. It added that the debt of developed markets reached $207.8tn or 412.5% of GDP, while the debt level of EMs totaled $95.7tn or 247.8% of GDP at end-2021. It pointed out that global debt of corporates excluding financial institutions reached $88.8tn, or 98.4% of global GDP, at end-2021, followed by government debt with $88.1tn (104.7% of GDP), financial sector indebtedness with $69.8tn (83% of GDP), and household debt with $56.9tn (64.8% of GDP). In parallel, it indicated that government borrowing in developed economies reached $64.2tn or 129.2% of GDP, followed by financial sector debt at $56.1tn (110.9% of GDP), non-financial corporate debt at $48.6tn (96.5% of GDP), and household borrowing at $39tn (75.9% of GDP). It added that EM corporate debt excluding financial institutions totaled $40.2tn or 101.5% of GDP, followed by EM government borrowing at $23.9tn (63.6% of GDP), EM household debt at $17.9tn (46.4% of GDP), and financial sector indebtedness at $13.7tn (36.3% of GDP).

Source: Institute of International Finance

Global trade up by 25% to $28.5 trillion in 2021

The United Nations Conference on Trade and Development (UNCTAD) indicated that global trade in goods and services reached $28.5 trillion (tn) in 2021, constituting increases of 25% and 13% from nearly $22.8tn and $25.2tn in 2020 and 2019, respectively. It said that global trade in goods grew by 27% in 2021, while trade in services rose by 17% last year. It noted that global trade in goods stood at $5.8tn in the fourth quarter of 2021, up by $200bn from $5.6tn from the third quarter of 2021, while trade in services reached $1.6tn in the covered quarter, up by $50bn from $1.55tn in the preceding quarter. It stated that imports of goods and services to developing countries increased by 26% and imports to developed economies increased by 19% in the fourth quarter of 2021 from the same period of 2020, while exports from developing economies rose by 30% and those from developed countries picked up by 15% in the covered period. Moreover, trade in energy products surged by 97% in the fourth quarter of 2021 from the same quarter of 2020, followed by trade in metals (+41%), chemicals (+35%), other manufacturing products (+31%), apparel (+22%), agri-food products (+20%), machinery (+19%), pharmaceuticals (+18%), minerals and office equipment (+17% each), textiles (+9%), precision instruments (+8%), communication equipment (+6%), and road vehicles (+3%). In contrast, trade in transport equipment regressed by 12% year-on-year in the fourth quarter of 2021. In parallel, it projected global trade to grow marginally in the first quarter of 2022, nearly unchanged from the fourth quarter of 2021.

Source: UNCTAD

MENA

Level of economic freedom deteriorates in Arab countries in 2022

The Heritage Foundation ranked the United Arab Emirates in 33rd place globally and in first place in the Arab world on its Index of Economic Freedom for 2022. Qatar follows in 44th place, then Bahrain (74th), Jordan (87th), and Morocco (97th) as the five highest ranked Arab economies. In contrast, Tunisia (128th), Egypt (152nd), Lebanon (162nd), Algeria (167th), and Sudan (174th) are the Arab countries with the lowest level of economic freedom. The index is a broad indicator of economic freedoms in 177 countries and evaluates individual economies based on 12 equally-weighted broad factors of economic freedom. The region's level of economic freedom deteriorated from 60.4% in 2021 to 55.2% in 2022, compared to the global average of 60% this year. The GCC countries' average score is 61.7% in 2022 relative to 68.9% on the 2021 index, while the average score of non-GCC Arab countries stands at 50.9% this year compared to 54.7% last year. Also, the rankings of three Arab countries improved and those of 12 economies deteriorated year-on-year. The survey classified one Arab economy as "mostly free", three countries in the "moderately free" category, seven economies as "mostly unfree", and four sovereigns in the "repressed" economies category. In parallel, the level of economic freedom in Arab countries is higher than it is in Sub-Saharan Africa (53.4%); while it is lower than the level of economic freedom in all other regions.

Source: Heritage Foundation, Byblos Research

KUWAIT

Profits of listed companies up 378% to $9bn in first nine months of 2021

The cumulative net profits of 168 companies listed on Boursa Kuwait totaled KD2.7bn, or $9bn, in the first nine months of 2021, constituting a surge of 378% from KD569.83m ($1.9bn), in the same period of 2020. Industrial companies generated net profits of $3.5bn in the covered period and accounted for 38.3% of total earnings, followed by listed banks with $2.5bn (28%), real estate firms with $975.4m (10.8%), financial services providers with $911m (10.1%), telecommunications firms with $572m (6.3%), insurers with $250m (2.8%), consumer services with $233.4m (2.6%), oil & gas companies with $38m and utilities providers with $33.9m (0.4% each), healthcare providers with $15.6m and basic materials firms with $15.3m (0.2% each), and consumer goods firms with $13.3m (0.1%). In parallel, technology firms posted net losses of $1.3m in the first nine months of 2021. Further, the net earnings of basic materials firms rose by 187.5% in the covered period, followed by the income of insurers (+119.5%), banks (+55%), healthcare providers (+51.6%), the oil & gas sector (+26%), utilities providers (+7.4%), and telecommunications firms (+4.4%). In contrast, the income of consumer goods firms decreased by 65.5% in the first nine months of 2021, while the net losses of technology firms doubled. Further, the results of listed financial services providers, industrial firms, real estate companies and consumer services firms shifted from aggregate losses of $515.3m in the first nine months of 2020 to net profits of $5.6bn in the same period of 2021.

Source: KAMCO

OUTLOOK

WORLD

Global economy trending towards stable growth, outlook subject to multiple risks

Moody's Investors Service considered that the global economy is transitioning from a tentative recovery towards more stable growth, following its emergence from the COVID-19 pandemic. Still, it anticipated that receding stimulus measures, tighter monetary policy and weakening pent-up demand will weigh on the growth momentum in most countries. It projected real GDP growth for the Group of 20 (G20) major economies at 4.3% this year following an expansion of 5.9% in 2021, and forecast economic activity in the EM economies of the G20 to grow by 4.9% in 2022 and 4.4% in 2023, following an expansion of 7.2% in 2021. It anticipated growth in the G20 countries to further decelerate to 3.2% in 2023, as pandemic-related output losses are largely recouped and labor markets in advanced economies approach a full recovery. It considered that the outlook is subject to downside risks that include a worsening of the pandemic, repeated supply shocks, tighter-than-expected monetary policy, the fallout from the slowdown of China's property market to other economies, rising social discontent, and geopolitical risks.

In parallel, the agency indicated that the steep and broad-based increase in prices is eroding household purchasing power in many countries, which could weaken the global economic recovery. Also, it expected that the rapid global economic recovery, the improvement in labor markets and the current inflation dynamics, will result in a faster-than-expected tightening of monetary policies globally. It anticipated that central banks worldwide will take steps to tighten credit conditions on a number of fronts, including by rolling back liquidity measures, increasing policy rates and reducing the size of their balance sheets. It noted that there are uncertainties about the impact of such policy actions on the global economy following the pandemic, as central banks worldwide are becoming more sensitive to inflation dynamics. It considered that risks associated with central bank policy shifts include potential distress for small- and medium-sized enterprises from large and rapid increases in interest rates. Further, it anticipated that, given the rise in indebtedness globally, even small and incremental increases in interest rates could have a larger-than-expected impact on credit, investment and the real economy.

Source: Moody's Investors Service

SAUDI ARABIA

Oil sector activity and reforms to drive economic growth in 2022

Jadwa Investment expected Saudi Arabia’s economy to grow strongly in 2022, as the uncertainties about the evolution of the pandemic start to abate, and projected real GDP to expand by 7.7% this year following a growth rate of 3.3% in 2021. It anticipated real hydrocarbon GDP to grow by 15.5% in 2022, supported by the sustained recovery in global demand for oil to record highs this year, and by the Kingdom’s commitment to increase its oil production in line with the easing of production cuts under the OPEC+ agreement. Also, it projected real non-oil GDP growth at 3.4% in 2022, supported by the continued implementation of the Vision 2030 plan, as well as by the broad recovery of the non-oil economy. In addition, it forecast real GDP to grow by 3.1% in 2023, as it projected activity in the oil sector to expand by 2% and for real non-hydrocarbon GDP growth to reach 4.8% next year. Further, it did not expect high inflation rates that currently prevail in many developed economies to fully transmit into the Saudi economy, given that higher interest rates should help limit imported inflation during the year.

In parallel, it projected the fiscal balance to post a surplus of 3.4% of GDP in 2022, the first surplus since 2013, in case oil prices average $76 per barrel and crude oil production reaches 10.5 million barrels per day this year, and if authorities cut public expenditures by 6% in 2022. In addition, it anticipated the fiscal surplus to decrease to 2% of GDP in 2023, in case of lower oil receipts. A such, it forecast the public debt level at about 26.4% of GDP in the 2022-23 period. Further, it projected the Kingdom’s current account balance to post surpluses of 7.6% of GDP and 6.6% of GDP in 2022 and 2023, respectively, in case of higher oil export receipts. It also forecast official reserve assets at the Saudi Central Bank at about $528bn in the 2022-23 period.

Source: Jadwa Investment

UAE

Economic recovery gaining momentum, growth projected at 3.5% in 2022

The International Monetary Fund considered that the economic recovery in the United Arab Emirates is gaining momentum, supported by the authorities' effective and timely response to the COVID-19 outbreak and sustained supportive macroeconomic policies. It expected the pace of the recovery to be gradual, given the depth of the recession and the uncertainties related to the pandemic. It projected activity in the non-oil sector to accelerate from 3.2% in 2021 to 3.4% in 2022, reflecting favorable base effects, as well as increased spending and tourism related to the delayed EXPO 2020. Also, it forecast real hydrocarbon GDP to expand by 3.6% in 2022 following its stagnation in 2021, due to the easing of oil production cuts under the OPEC+ agreement. As such, it projected real GDP growth to rise from 2.2% in 2021 to 3.5% in 2022. It expected real GDP growth to accelerate over the medium-term, driven by the authorities' structural reform efforts, increased foreign investments, and rising oil production.

In parallel, it expected that the rebound in global oil prices will improve the UAE's fiscal and external balances. It projected the fiscal deficit at 0.2% of GDP in 2022 and to shift to a modest surplus in 2024, supported by higher nominal GDP growth and the authorities' fiscal consolidation efforts. It encouraged authorities to implement gradual, targeted, and growth-friendly fiscal consolidation, in line with a credible medium-term framework. It forecast the public debt level at about 40% of GDP in the 2022-25 period. Also, it expected the current account surplus to return to pre-pandemic levels and to average 8.5% of GDP annually in the 2022-25 period. It forecast gross foreign assets, excluding the foreign assets of the country's sovereign wealth funds, at $134.5bn at end-2022, and to reach $$162.1bn by end-2025.

Further, the IMF considered that downside risks to the outlook remain elevated, and mainly include uncertainties about the evolution of the pandemic. It anticipated that a resurgence of the global pandemic would reduce global demand for oil and weigh on oil prices in the near term, as well as increase pressures on public finances and tighten financial conditions.

Source: International Monetary Fund

IRAQ

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Iraq's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B-', respectively, with a 'stable' outlook on then long-term ratings. It pointed out that the ratings, which are six notches below investment grade, are supported by Iraq's significant foreign currency revenues from elevated oil export receipts, which underpin the accumulation of foreign currency reserves at the Central Bank of Iraq, as well as by the moderate public and external debt levels. However, it stated that the ratings are constrained by weak institutions, high levels of corruption, domestic political tensions, elevated security risks, limited monetary policy flexibility given the weak banking system, as well as the government's difficult fiscal position. It anticipated that the delays in approving the budget for 2022 will weigh on public finances this year. It projected the fiscal balance to shift from a surplus of 3.9% of GDP in 2021 to a deficit of 5.2% of GDP in 2022, and forecast the deficit to average 6.5% of GDP in the 2023-25 period. In parallel, it noted that the 'stable' outlook on the long-term rating reflects the sovereign's ability to meet its external debt obligations over the next 12 months due to its high level of foreign currency reserves. It forecast the country's gross external financing needs at 49.3% of current account receipts and usable reserves in 2022, as well as at 50.5% of such receipts and reserves in 2023, 52% in 2024, and 52.7% in 2025. Moreover, S&P said that it could upgrade the ratings if the government's fiscal and external positions improve, if economic growth and GDP per capita increase, and/or if the authorities implement institutional reforms.

Source: S&P Global Ratings

NIGERIA

Sovereign ratings upgrade contingent on growth, fiscal reforms and external financing

S&P Global Ratings indicated that Nigeria's long- and short-term foreign and local currency sovereign credit ratings of 'B-' and 'B', respectively, are supported by the recovery in economic activity as a result of higher global oil prices and the rebound in activity across almost all non-hydrocarbon sectors. However, it considered that the economy's heavy reliance on oil revenues and export receipts makes it susceptible to the volatility in oil prices and production. Also, it anticipated that the authorities' decision to maintain fuel subsidies until the end of 2023 will weigh on public finances in 2022 and will postpone meaningful fiscal consolidation until 2023 at the earliest. It also expected external financing gaps to emerge in case of lower oil prices, or if funding from official lenders or commercial sources is not as forthcoming as anticipated. In parallel, it noted that the 'stable' outlook on the long-term rating balances increasing pressures from low oil production and the COVID-19 outbreak against higher global oil prices, upcoming refinery projects, and reforms in the oil sector. It forecast the country's gross external financing needs at 98% of current account receipts and usable reserves in 2022, as well as at 100.4% of such receipts and reserves in 2023, 102.4% in 2024, and 104.4% in 2025. S&P said that it could upgrade the ratings in case of stronger-than-expected economic performance, if external financing pressures decline, and/or in case of a faster-than-anticipated narrowing of the fiscal deficit.

Source: S&P Global Ratings

EGYPT

Central bank may have to increase policy rates in 2022 and 2023

JPMorgan Chase & Co. indicated that Egypt is susceptible to external vulnerabilities, to capital flight risk, as well as to a sharp depreciation of the Egyptian pound. It indicated that the current account deficit widened in 2021 due to a decline in tourism receipts, which was offset by higher portfolio inflows. It projected the trade deficit to slightly narrow from $44.8bn in 2021 to $44.3bn in 2022, driven by higher exports. Further, it said that the loosening of monetary policy, along with elevated gross domestic and external financing needs, have made Egypt more vulnerable to external shocks and refinancing risks. It forecast the external funding gap at $8.3bn in the fiscal year that ends in June 2022. As such, it expected the current account deficit at $17.4bn in FY2021/22 and debt amortizations at $20.8bn, and added that Egypt will have to roll over $11bn worth of deposits from Gulf Cooperation Council countries in FY2021/22. In addition, it considered that the Central Bank of Egypt (CBE) should rapidly increase its key policy interest rates in order to stop the drawdown of foreign currency reserves due to the country's large external funding needs. It said that the CBE should increase the policy rate by 50 basis points (bps) in the first quarter of 2022 and by 500 bps by the end of 2023, to address domestic imbalances and reduce the trade deficit, mainly in the context of rising excess demand and inflation.

Source: JPMorgan Chase & Co.

ARMENIA

Prolonged conflict with Ukraine could affect economy

Moody's Investors Service indicated that a sharp slowdown in the Russian economy, driven by its conflict with Ukraine and the imposition of Western sanctions on Russia, may affect Armenia's economy due to the high level of economic integration between the two countries. It pointed out that Armenia's exports to Russia account for about 27% of the country's total exports, followed by Switzerland with 18%, the European Union (17%), the Gulf Cooperation Council countries, Iraq and Iran (14%), China (12%), and Georgia (2%). Also, it stated that remittance inflows from Russia represent nearly 50% of the flow of remittances to the country and that Russia is Armenia's largest source of remittances, although inflows from the U.S. have substantially increased in the past two years. It added that remittance inflows from Russia were equivalent to 6.5% of Armenia's nominal GDP in 2020. Further, it considered that a decline in export receipts and remittance flows will affect the income of Armenian households and their private consumption, which, in turn, will weigh on the country's economic activity. In parallel, it indicated that a depreciation of the Armenian dram will trigger an increase in the government's debt burden, as about 76% of the debt is denominated in foreign currency. It noted that Armenia's debt structure, which includes bilateral and multilateral loans with low interest payments and long-term maturities, supports the country's debt affordability. It added that this will help contain the credit impact of an increase in debt servicing costs in case of a prolonged Russian military intervention in Ukraine.

Source: Moody's Investors Service

WORLD

Crypto-assets pose risks to global financial stability

The Financial Stability Board indicated that the evolution of crypto-assets represents a threat to global financial stability due to their rising market size, their structural vulnerabilities, and their increasing interconnectedness with the traditional financial system. It identified crypto-assets as a type of private sector digital asset that depends primarily on cryptography and distributed ledger. It said that the capitalization of the crypto-asset market reached $2.6 trillion at the end of 2021 and grew by 3.5 times last year from about $740bn at the end of 2020, but that it still represents a small share of the global financial system's assets. It noted that crypto-asset trading platforms pose risks to financial stability, as they fall outside regulations and the associated reporting requirements. It added that these platforms may lead to illegal activities, money laundering, and terrorism financing in the absence of effective regulations and market oversight. Also, it pointed out that the lack of transparent, consistent and trusted data on crypto-asset markets, and their linkages with the core financial system, hamper the ability to identify and quantify the risks they pose to financial stability. It noted that the involvement of financial institutions in crypto-assets could affect their balance sheets and liquidity, given that the exposure to such assets is not captured in or is not in compliance with an appropriate regulatory treatment. However, it stated that direct connections between crypto-assets and systemically important financial institutions and core financial markets are currently limited, despite the growing exposure of financial institutions to such assets.

Source: Financial Stability Board

ARMENIA

Banks' review shows solid metrics

In its periodic review of the ratings of Ardshinbank, Ameriabank, Inecobank, Armeconombank, Converse Bank, VTB Bank Armenia, ID Bank, and Unibank, Moody's Investors Service indicated that the 'Ba3' local currency deposit ratings of Ardshinbank and Ameriabank reflect the banks' baseline credit assessment (BCA) of 'b1'. It noted that Ardshinbank's BCA is supported by its sound profitability and significant reliance on wholesale funding, while that of Ameriabank is underpinned by the bank's robust loss-absorption capacity and diversified funding base. Further, it said that the 'B1' long-term local currency deposit ratings of Inecobank and Armeconombank are based on the banks' BCAs of 'b1', and that of Converse Bank and VTB Bank Armenia are based on the banks' BCAs of 'b2' and 'b3', respectively. It noted that Inecobank's BCA is supported by its good loan book diversification, sound loss-absorption capacity, adequate capital buffers, and robust profits. It said that Armeconombank's BCA reflects the bank's improved pre-provision profitability, while Converse Bank's BCA indicates its good loss absorption capacity, adequate liquidity position and funding profile. It pointed out that the BCA of VTB Bank Armenia is underpinned by its solid capitalization against potential credit losses and its deposit-based funding mix, and expected the bank to benefit from a high probability of support from its major shareholder VTB Bank. Also, the agency stated that the 'B2' local currency deposit ratings of ID Bank and Unibank reflect their ample liquidity buffers, while ID Bank's heavy reliance on market funding is weighing on its rating.

Source: Moody's Investors Service

MOROCCO

Outlook on banks' operating environment changed to 'stable'

Fitch Ratings revised the outlook on the operating environment of Moroccan banks from 'negative' to 'stable', following a peer review of Attijariwafa Bank, Bank of Africa, Société Générale Marocaine de Banques (SGBM), Crédit Immobilier et Hôtelier (CIH), and Banque Marocaine pour le Commerce et l'Industrie (BMCI). It attributed the change in outlook to the five banks' resilient financial metrics, in line with the rebound in economic activity and the country's export markets. It indicated that the asset quality of the five banks is underpinned by a strong rebound in GDP growth in 2021, despite the lifting of forbearance measures in 2021. Also, it said that the banks' profitability recovered in the first nine months of 2021, driven by lending growth and lower impairment charges. It added that the average consolidated return on equity of the five banks increased from 5.5% in 2020 to 10.3% in the first nine months of 2021. It noted that healthy internal capital generation supports the banks' capital metrics. It pointed out that the five banks benefit from stable funding and liquidity conditions, as they issued additional Tier One and Tier Two capital securities locally, which strengthened their funding profile and helped them to better manage their liquidity mismatches. In parallel, the agency affirmed the national long-term ratings of SGMB and BMCI at 'AAA(mar)', and maintained the long-term foreign- and local currency Issuer Default Rating of CIH at 'BB'. It also kept the 'stable' outlook on all the banks' ratings.

Source: Fitch Ratings

UAE

Capital adequacy ratio at 17.5% at end-June 2021, NPLs ratio at 8.2%

The International Monetary Fund indicated that banks in the UAE are adequately capitalized and liquid, but expected asset quality to deteriorate and balance sheet vulnerabilities to rise, including from the COVID-19 crisis, in the near to medium terms. It noted that the sector's capital adequacy ratio regressed from 18.1% at the end of 2020 to 17.5% at the end of June 2021, and that the Tier One Capital to risk weighted assets ratio stood at 16.4%, in line with pre-crisis levels. Also, it said that the non-performing loans (NPLs) ratio was stable at about 8.2% in the first half of 2021. It considered that the Central Bank of the UAE should encourage banks to address pre-crisis legacy NPLs, including by writing off fully-provisioned NPLs. In parallel, it noted that the banks' aggregate return on assets and on equity to 1% and 7.2%, respectively, on an annualized basis in June 2021 compared to 1.6% and 11.2%, respectively, in 2019. It expected banks in the UAE to benefit from the rise in interest rates, but anticipated that higher borrowing rates would weigh on lending growth. Further, the IMF called on authorities to monitor financial stability risks, including through stronger macroprudential and regulatory frameworks. It also welcomed the authorities' progress on the anti-money laundering and combating the financing of terrorism framework. It encouraged banks to sustain the reform momentum in order to boost the resilience of the financial system and limit risks from the pandemic on the ability of borrowers to repay their debt, amid the withdrawal of loan-payment deferral measures.

Source: International Monetary Fund

Oil prices to average $110 p/b in second quarter of 2022

ICE Brent crude oil front-month prices reached $96.84 per barrel (p/b) on February 23, 2022, constituting an increase of 24.5% from $77.8 p/b at the end of 2021 and a surge of 48% from a year earlier. Oil prices exceeded $100 p/b on Thursday 24, 2022, their highest level since 2014, as Russia's military invasion of Ukraine, and the probability that Russian energy exports could be subject to international sanctions, exacerbated concerns about disruptions to global energy supply. Further, JPMorgan Chase indicated that Russia may take retaliatory measures by reducing its energy supply, even if its energy exports are exempt from sanctions. It said that, in case Russia uses its oil exports to exert pressure on Western economies, it will cause a disruption of 2.9 million barrels per day (b/d) of crude export volumes to Europe, the Mediterranean countries, and the United States. However, it noted that Iran could increase its oil production to one million b/d if the Iran nuclear deal is concluded in March 2022 and estimated that Iran will deliver its oil to the market relatively quickly. It also estimated that Iran will ramp up its production from 2.5 million b/d currently to 3.3 million b/d in December 2022. Also, it pointed out that the return of Iranian oil to the global market could bring a total of 180 million barrels of Iranian oil to the market, which could offset the decline in Russian oil supply. It projected oil prices to average $93 p/b in the first quarter, $110 p/b in the second quarter, $100 p/b in the third quarter, and $90 p/b in the fourth quarter of 2022, in case the escalation of the Russian conflict with Ukraine is accompanied with a successful nuclear deal with Iran.
Source: JPMorgan Chase & Co., Refinitiv, Byblos Research

Global steel output down 2% in January 2022

Global steel production reached 155 million tons in January 2022, constituting decreases of 2.3% from 158.7 million tons in December 2021 and of 4.8% from 162.9 million tons in January 2021. Production in China totaled 81.7 million tons and accounted for 52.7% of global output in January 2022. India followed with 10.8 million tons, or 7% of the total, then Japan with 7.8 million tons (5%), the U.S. with 7.3 million tons (4.7%), Russia with 6.6 million tons (4.3%), and South Korea with 6 million tons (3.9%).
Source: World Steel Association, Byblos Research

Global output for natural gas to increase by 1.7% in 2022

The International Energy Agency projected global natural gas production to reach 4,191 bcm in 2022, and to increase of 69 billion cubic meters (bcm), or 1.7%, from 4,122 bcm in 2021. It forecast production for natural gas in North America at 1,191 bcm in 2022 and to represent 28.4% of the world's aggregate production, followed by Eurasia with 977 bcm (23.3%), the Middle East with 709 bcm (16.9%), Asia Pacific with 673 bcm (16.1%), Africa with 272 bcm (6.5%), and Europe with 207 bcm (4.9%).
Source: International Energy Agency, Byblos Research

Angola's oil export receipts up 81% to $2bn in January 2022

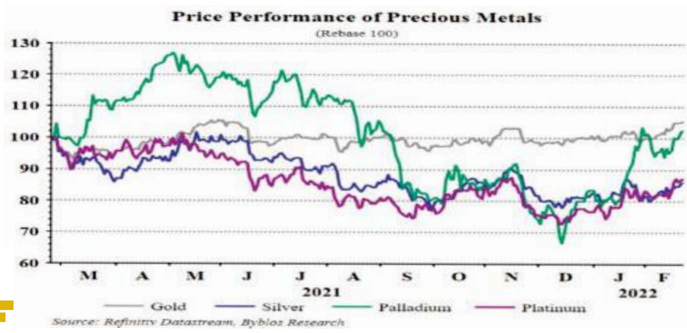
Oil exports from Angola reached 37.53 million barrels in January 2022, constituting an increase of 6.4 million barrels from December 2021 and a decrease of 2.4 million barrels from the same month in 2021. The country's oil export receipts totaled KZ1,068tn, or $1.96bn, in January 2022 and surged by 80.7% from KZ590bn ($1bn) in December 2021. They climbed by 253% from KZ302.5bn ($463m) in January 2021.
Source: Ministry of Finance of Angola

Base Metals: Copper prices to average $10,823 per ton in 2022

LME copper cash prices averaged $9,855.1 per ton in the year-to-February 23, 2022 period, constituting a rise of 21.3% from an average of $8,123 a ton in the same period of 2021. Supply disruptions and expectations of robust demand drove the surge in prices, amid the anticipated global economic recovery. Also, copper prices declined to $9,906.5 per ton on February 23, 2021 from an all-time high of $11,299.5 a 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 released by the International Copper Study Group show that global demand for refined copper was 23 million tons in the first 11 months of 2021, up by 0.6% from the same period of 2020, due to a 9% 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 29% decrease in the imports of net refined copper. In parallel, global refined copper production grew by 1.3% to 22.7 million tons in the first 11 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 Australia, Brazil, Chile, Germany, Japan, Myanmar, Russia, and Spain. Further, Goldman Sachs projected copper prices to average $10,823 per ton in 2022 and $12,000 a ton in 2023.
Source: ICSG, Goldman Sachs, Refinitiv

Precious Metals: Gold prices to average $1,977 per ounce in 2022

Gold prices averaged $1,831 per troy ounce in the year-to- February 23, 2022 period, constituting a marginal decrease of 0.75% from an average of $1,844.7 an ounce in January 2021, driven mainly by expectations that the U.S. Federal Reserve could tighten its monetary policy earlier than expected. Further, gold prices exceeded $1,950 per ounce on February 24, 2022 and reached their highest level since May 31, 2021, following Russian's military invasion of Ukraine, which reinforced the appeal of the metal as geopolitical tensions escalate. In parallel, Standard Chartered Bank projected global gold demand to reach 3,773 tons in 2022, nearly unchanged from 2021, driven by a decline of 15.4% in net purchases by central banks and a drop of 11.6% in retail consumption, which will be offset by a 10% growth in jewelry consumption. It expected outflows from gold-related exchange-traded products to decrease from 173 tons in 2021 to 50 tons in 2022. It forecast the global supply of gold to increase by 1.2% from 4,774 tons in 2021 to 4,831 tons in 2022, with mine output representing 76.4% of the total. Moreover, S&P Global Ratings indicated that a stronger dollar, the expected increase in interest rates, and robust oil prices will weigh on gold prices in 2022. Also, Goldman Sachs forecast gold prices to average $1,977 per ounce in 2022 and $1,978 per ounce in 2023.
Source: Standard Chartered Bank, S&P Global Ratings, Goldman Sachs, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	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	B-	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-	Caa1	B-	-	BB-								
	Stable	Stable	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	B-	Caa1	-	-	CCC								
Congo	Stable	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	Stable	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 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	B+ 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	03-Feb-22	No change	10-Mar-22
UK	Bank Rate	0.5	02-Feb-22	Raised 25bps	N/A
Japan	O/N Call Rate	-0.10	18-Jan-22	No change	18-Mar-22
Australia	Cash Rate	0.10	01-Feb-22	No change	01-Mar-22
New Zealand	Cash Rate	1.00	23-Feb-22	Raised 25bps	03-May-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	21-Feb-22	No change	21-Mar-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	24-Feb-22	No change	14-Apr-22
Malaysia	O/N Policy Rate	1.75	20-Jan-22	No change	03-Mar-22
Thailand	1D Repo	0.50	09-Feb-22	No change	30-Mar-22
India	Reverse repo Rate	3.35	09-Feb-22	No change	N/A
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	03-Feb-22	No change	24-Mar-22
Jordan	CBJ Main Rate	2.50	01-Sep-21	Cut 100bps	N/A
Turkey	Repo Rate	14.00	17-Feb-22	No change	17-Mar-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	31-Jan-22	No change	28-Mar-22
Angola	Base Rate	20.00	28-Jan-22	No change	N/A
Mexico	Target Rate	6.00	10-Feb-22	Raised 50bps	24-Mar-22
Brazil	Selic Rate	10.75	02-Feb-22	Raised 150bps	N/A
Armenia	Refi Rate	8.00	01-Feb-22	Raised 25bps	15-Mar-22
Romania	Policy Rate	2.50	09-Feb-22	Raised 50bps	05-Apr-22
Bulgaria	Base Interest	0.00	28-Jan-22	No change	25-Feb-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	9.50	11-Feb-22	Raised 100bps	18-Mar-22

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