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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

Stock markets up 9% in first two months of 2022

Arab stock markets increased by 9.2% and Gulf Cooperation Council equity markets grew by 10.8% in the first two months of 2022, relative to increases of 4.4% and 4.6%, respectively, in the same period of 2021. In comparison, global stocks regressed by 7.5% and emerging market equities decreased by 4.3% in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, rose by 14.8% in the first two months of 2022, the Saudi Stock Exchange improved by 11.6%, the Qatar Stock Exchange grew by 11.4%, the Abu Dhabi Securities Exchange expanded by 9.8%, the Bahrain Bourse yielded 9.3%, and the Boursa Kuwait gained 8%. In addition, the Dubai Financial Market advanced by 5%, the Iraq Stock Exchange appreciated by 4.7%, the Amman Stock Exchange grew by 1.4%, the Palestine Exchange expanded by 1.1%, and the Tunis Bourse improved by 0.5% in the covered period. In contrast, activity on the Beirut Stock Exchange decreased by 7.4% in the first two months of 2022, the Egyptian Exchange declined by 6.8%, the Casablanca Stock Exchange regressed by 2.2%, and %, the Muscat Securities Market retreated by 1.8%. Further, activity on the Khartoum Stock Exchange was unchanged in the covered period.

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

Quality of logistics infrastructure in Arab world varies widely by country

Transport Intelligence, a research firm for the logistics industry, ranked the UAE in third place among 50 emerging economies and in first place among 13 Arab countries on its Agility Emerging Markets Logistics Index for 2022. Saudi Arabia followed in sixth place, then Qatar (seventh), Oman (14th) and Bahrain (15th) as the five countries that have the most attractive markets for the logistics industry in the Arab world. In contrast, Egypt (21st), Lebanon (35th), Tunisia (36th), Algeria (37th) and Libya (50th) have the least favorable market conditions for the logistics industry in the region. The index compares a country's prevailing operational environment to its current logistics opportunities and potential. It ranks emerging markets based on factors that make them attractive to logistics companies, air cargo carriers, shipping lines, freight forwarders and distribution firms. The index is an average of four equally weighted sub-indices that are Domestic Logistics Opportunities, International Logistics Opportunities, Business Fundamentals and Digital Readiness. The Arab region's average score stood at 5.08 points, higher than the emerging markets' average of 4.97 points in this year's survey. Also, the average scores of Gulf Cooperation Council (GCC) and non-GCC Arab countries were 5.79 points and 4.48 points, respectively. Further, Qatar, the UAE and Saudi Arabia were the top ranked Arab countries on the Domestic Logistics Opportunities Sub-Index. The UAE, Saudi Arabia and Morocco led on the International Logistics Opportunities Sub-Index, while the UAE, Saudi Arabia and Qatar were the top ranked Arab countries on the Business Fundamentals and on the Digital Readiness Sub-Indices.

Source: Transport Intelligence, Byblos Research

IRAQ

Profits of listed firms down 17% to $339m in first nine months of 2021

The cumulative unaudited pre-tax profits of 83 out of 132 companies listed on the Iraq Stock Exchange totaled IQD501.1bn in the first nine months of 2021, constituting a decrease of 1.1% from IQD506.6bn in the same period of 2020. In US dollar terms, the profits of the listed companies reached $338.8m in the covered period and regressed by 17.3% from $409.8m in the first nine months of 2020. The dollar figures reflect the prevailing market exchange rate that depreciated from an average of IQD1,236 per US dollar in the first nine months of 2020 to IQD1,479 per dollar in the same period of 2021. Listed telecommunication companies generated $221m in profits in the first nine months of 2021, followed by banks with $78.2m, industrial firms with $31.7m, companies in the hotels & tourism sector with $5.1m, services providers with $1.4m, insurers with $1.1m, and firms in the agricultural sector with $0.34m; while investment companies posted losses of $0.05m in the covered period. Further, the profits of companies in the hotels & tourism sector surged by 17.5% year-on-year in the first nine months of 2021, followed by the earnings of services providers (+9.1%). In contrast, the profits of agricultural companies plunged by 78.4%, the net income of insurers dropped by 50.6%, the earnings of the industrial companies dipped by 32.5%, the net income of the banking sector decreased by 18.3%, and the profits of telecommunication firms regressed by 14.3% in the first nine months on 2021. Also, the losses of investment firms declined by 50.8% in the covered period.

Source: Rabee Securities, Iraq Stock Exchange, Byblos Research

EGYPT

Investments in financial technology startups at $276m during 2017-2021 period

Figures released by FinTech Egypt, a platform to foster and connect stakeholders in the fintech ecosystem, indicate that there were 112 financial technology (fintech) startups operating in Egypt at the end of 2021, constituting an increase of 19% from 94 fintech startups at the end of 2020. The sectoral distribution of firms shows that there were 34 startups in the payments & remittances sub-sector that accounted for 30.4% of the number of fintech startups in 2021; followed by 15 firms in the lending & alternative finance segment (13.4%); 9 startups in each of the personal finance management & literacy, accounting & expense management, and payroll & benefits sub-sectors (8% each); 7 companies in the wealth management & savings segment (6.3%); 6 startups in the business-to-business sub-sector (5.4%); 4 firms in each of the data analytics & artificial intelligence, insurance technology, regulations technology, and rotating credit & savings associations segments (3.6% each); 3 firms in the open banking & infrastructure segment (2.7%); and 2 startups in each of the agricultural technology and property technology sub-segments with (1.8% each). In parallel, investments in fintech startups reached $159m in 2021, representing a jump of 328.6% from $37.1m in 2020, while fintech startups received nearly $276m in funding during the 2017-2021 period.

Source: FinTech Egypt, Byblos Research

OUTLOOK

GCC

Higher global oil prices to increase fiscal and external buffers in 2022

JPMorgan Chase & Co. considered that higher global oil prices, as a result of Russia's invasion of Ukraine, will have positive spillovers on public finances of the Gulf Cooperation Council (GCC) economies. But it added that the conflict will weigh on economic activity, mainly due to the negative impact on tourism, trade, and the transportation sector in the region. Further, it expected higher food prices to increase inflation rates in GCC economies, but without exerting significant inflationary pressures.

In parallel, it projected oil prices to average $98 per barrel (p/b) in 2022 relative to a previous forecast of $88 p/b, while it maintained its previous price projection of $82 p/b for 2023. As such, it expected the aggregate fiscal and current account surpluses of the GCC region at 7.1% of GDP and 13.1% of GDP in 2022, up from a previous forecast of 4.5% of GDP and 10.5% of GDP, respectively for the year. It estimated that an increase of $10 p/b in the price of oil will raise the fiscal and current account surpluses by 2% of GDP to 3% of GDP per country in the region. It considered that risks to the outlook are mainly to the upside, as it based its forecasts on an oil price that is lower than the current spot price. It added that its projections do not take into account additional increases in oil production to offset any potential decline in oil supply from Russia.

Further, it expected that all countries in the GCC region will post current account surpluses in 2022. Also, it anticipated that GCC economies will register fiscal surpluses this year, except for Bahrain, as it expected the latter to post a slight fiscal deficit with a fiscal oil breakeven price of $105 p/b. It considered that the region's substantial fiscal buffers will provide space for additional spending outside the budget.

Source: JPMorgan Chase & Co.

EGYPT

Capital flight, tourism and commodity prices are key transmission channels from Ukraine conflict

Goldman Sachs anticipated that the current conflict in Ukraine will impact Egypt's economy through three main channels, which are the rising global prices of wheat and oil, a potential disruption to tourism activity, as well as capital flight from financial markets. First, it considered that the vulnerability of Egypt's external balance to rising oil and wheat prices is relatively low, given that the increase in the country's gas exports improved the hydrocarbon trade balance and that wheat imports account for just 0.7% of GDP. However, it pointed out that Egypt imports certain fuel products, and anticipated that the recent surge in oil prices and the possibility of further upward pressure on prices would require the authorities to implement aggressive price hikes to narrow the gap between domestic and international oil prices. In this case, it anticipated a rise inflationary pressures, as well as heightened risks to the fiscal outlook in case the government decides to increase fuel subsidies. Also, it noted that Egypt is the world's largest importer of wheat and sources 85% of its needs from Russia and Ukraine, which exposes the country to significant supply risks in the long term. It considered that the rising cost of wheat imports increases the likelihood of an overhaul of bread subsidies, and expected that a reduction in bread subsidies will result in substantial inflationary pressures.

Second, it indicated that Russian and Ukrainian tourists account for about one third of the number of tourist arrivals to Egypt. It estimated that a loss of tourism revenues from these sources this year would result in a current account deficit of 3.6% of GDP in 2022, relative to a previous forecast of 2.9% of GDP for the year. As such, it anticipated that Egypt's external financing requirements would increase by $3.7bn in 2022, but expected that the level of foreign currency reserves at the Central Bank of Egypt will provide ample buffers to meet such potential funding needs.

Third, it considered that the risk of financial contagion to be more significant than the other transmission channels, in case investor sentiment shifts away from Egyptian assets. It added that the high exposure of foreign investors to Egyptian securities could exacerbate the magnitude of capital outflows.

Source: Goldman Sachs

TURKEY

Transmission channels of Ukraine conflict to pose considerable risks

Goldman Sachs expected that the conflict between Russia and Ukraine will affect the Turkish economy through three broad channels. First, it anticipated that depreciation pressures on the Turkish lira from the sell-off of Turkish securities will result in higher inflation rates, but noted that the volatility of the lira has been much more limited this year than in 2021. It projected the inflation rate to exceed 60% in May 2022 and to reach 45% by the end of the year. Second, it anticipated that the rise in global energy prices and a weaker tourism outlook will result in a wider current account deficit, given that Russia and Ukraine are key destinations for Turkish tourism exports. Also, it estimated that an increase in oil prices by $10 per barrel adds about $5bn to the energy import bill, and that higher energy prices can affect Turkish exports to the European Union. As such, it forecast the current account deficit at 2.5% of GDP in 2022 relative to a previous projection of 1.5% of GDP for the year. Third, it expected that higher energy prices globally and tighter global financial conditions may slow economic activity in Turkey's trading partners, which would weigh on the country's growth prospects. It also expected the sustained rise in energy prices to weigh on domestic activity. As a result, it projected real GDP growth at 3% in 2022, down from a previous forecast of 3.5% for the year.

In parallel, Goldman Sachs anticipated that a wider current account deficit and elevated inflation rates will result in depreciation pressures on the lira. It added that the authorities' changes in economic policies since September 2021 and, more broadly, the elevated market volatility in the past few years, have led to lower foreign direct investments. As such, it expected that financing the widening current account deficit is likely to be more difficult. Further, it anticipated that authorities will not raise policy rates to limit inflationary pressures, and noted that they are willing to use a large range of instruments and measures to try to stabilize the lira. As such, it expected pressures on the lira to persist, and that authorities will respond through a mix of interventions and heterodox measures.

Source: Goldman Sachs

ECONOMY & TRADE

SAUDI ARABIA

Insurance premiums to reach $10.6bn in 2026

Alpen Capital projected gross written insurance premiums in Saudi Arabia to increase from $10bn in 2021 to $10.8bn in 2026, and to post a compound annual growth rate (CAGR) of 1.6% during the 2021-26 period. It attributed the rise in premiums to infrastructure development projects and to the construction of smart cities, which would boost insurable assets in the Kingdom, in addition to the introduction of insurance products that protect the Further, it projected non-life insurance premiums in the Kingdom to expand from $9.7bn in 2021 to $10.4bn in 2026 and to grow at a CAGR of 1.5% during the 2021-26 period, due mainly to compulsory insurance business lines and the expected recovery in business activity. It indicated that rising awareness and mandatory rules will lead to an increase in motor insurance policies in the future. Also, it said that new mandatory medical coverage and various medical programs will boost the growth of the health insurance segment. It forecast life premiums to remain at $0.4bn in 2026 and to expand at a CAGR of 4.1% during covered period due to rising awareness among citizens and a stable population growth. It pointed out that recent laws that exempt life insurance products in the country from the value-added tax rate of 5% will increase demand for such policies. It projected the insurance sector's penetration rates to be broadly stable at 1.1% of GDP during the 2021-26 period and it forecast insurance density, or premiums per capita, to decrease from $282.6 in 2021 to $276.9 in 2026.

Source: Alpen Capital

RUSSIA

Agencies downgrade sovereign ratings

S&P Global Ratings downgraded Russia's short- and long-term foreign currency sovereign credit ratings from 'A-3/ BBB-' to 'B/BB+', and its short- and long-term local currency ratings from 'A-2/ BBB' to 'A-3/'BBB-'. It said that the long-term foreign currency ratings are one notch below investment grade. It also revised from 'BBB' to 'BBB-' the country's transfer and convertibility assessment. In addition, Fitch Ratings downgraded Russia's long-term local and foreign currency issuer default ratings (IDRs) from 'BBB' to 'B+' and 'B', respectively. It noted that the long-term foreign currency IDRs are five notch below investment grade. Further, Moody's Investors Service downgraded Russia's long-term local- and foreign-currency issuer, as well as the country's senior unsecured local- and foreign-currency debt ratings, from 'Baa3' to 'B3', or six notched below investment grade. The three agencies attributed their downgrades to the abrupt escalation of Russia's military intervention in Ukraine, which has prompted a series of stringent economic and financial sanctions from the European Union, the United Kingdom and the Unites States, among others. They also anticipated the sanctions to have significantly negative implications on the Russian banking sector. Also, the agencies indicated that the downgrades reflect the heightened risks of disruption to the repayment of Russia's public debt, given the significant concerns about the country's willingness to service its debt obligations. They also anticipated that the announced sanctions could have significant direct and second-round effects on Russia’s economic and foreign trade activity, domestic confidence, and financial stability.

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

PAKISTAN

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Pakistan's long-term foreign and local currency Issuer Default Rating (IDR) at 'B-', with a 'stable' outlook. It also affirmed the Country Ceiling at 'B-' and maintained the short-term local and foreign currency IDRs at 'B'. It indicated that the ratings reflect the country's challenging external position, narrow fiscal revenue base, and weak governance. But it noted that the implementation of recent measures to improve public finances and the transition to a floating exchange rate, provide buffers against external shocks. It said that the authorities' policy reforms and sustained external funding from bilateral and multilateral sources support external finances. It expected foreign currency reserves, including gold, to remain stable at around $23bn in the near term, although debt repayments have exceeded foreign investment flows. It forecast the current account deficit to widen from 0.6% of GDP in the fiscal year that ended in June 2021 to 4% of GDP in FY2021/22 due to higher imports, but anticipated the deficit to be manageable in light of policy tightening. In addition, the agency said that it could upgrade the ratings if the authorities' sustained reforms facilitate access to external financing and the rebuilding of foreign-currency reserves, if the government implements fiscal consolidation measures, and if the business environment improves. In contrast, it noted that it could downgrade the ratings in case of limited access to external finances.

Source: Fitch Ratings

UKRAINE

Agencies take action on sovereign ratings following Russian invasion

S&P Global Ratings downgraded Ukraine's long-term local and foreign currency sovereign credit ratings from 'B' to 'B-', or six notches below investment grade, and affirmed at 'B' the country's short-term local and foreign currency ratings. It placed all the ratings on CreditWatch with negative implications, and attributed its decision the multiple risks to Ukraine's economy, balance of payments, public finances, and financial and political stability from Russia's military assault. It also revised from 'B' to 'B-' the country's transfer and convertibility assessment. The agency considered that Russia's decision to attack Ukraine has added significant downside risks to the latter's economic outlook and could put at risk the ability of Ukraine to service its commercial debt. In parallel, Fitch Ratings downgraded Ukraine's long-term local and foreign currency issuer default ratings from 'B' to 'CCC', or seven notches below investment grade, and revised from 'B' to 'C' the country's short-term local and foreign currency issuer default ratings. It also downgraded from 'B' to 'B-' Ukraine's Country Ceiling. The agency indicated that the invasion represents a severe negative shock to Ukraine's key credit metrics, and anticipated that capital outflows will weaken the country's external financing position. Further, Moody's Investors Service placed Ukraine's 'B3' long-term local and foreign issuer ratings, as well as the country's foreign-currency senior unsecured rating, on review for downgrade. It anticipated that a protracted conflict could pose risks to the government's liquidity and external positions, given Ukraine's sizeable external maturities in the coming years and the reliance of the economy on foreign-currency funding.

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

EMERGING MARKETS

Banking systems could face headwinds in 2022 on higher interest rates and geopolitical risks

S&P Global Ratings anticipated that high inflation rates, tighter liquidity and higher borrowing costs as a result of rising interest rates globally, as well as political and geopolitical risks, will weigh on the credit profiles of banks in emerging markets (EMs) in 2022. It said that persistent inflationary pressures have pushed several central banks in EM economies to accelerate their monetary policy tightening. As such, it anticipated lower-than-expected business volumes at EM banks, due to investors' perception of higher risk. Also, the agency expected that higher interest rates in EMs will weigh on the disposable income of households and on the profit margins of corporations that are unable to fully transfer the cost increase to their customers, which would reduce the ability of borrowers to repay their debt. It anticipated that the exposure of EM banks to small- and medium-sized enterprises will continue to drive the deterioration in asset quality, and that elevated household debt in some EMs, combined with higher interest rates, will exacerbate credit risks. However, it expected EM banks to benefit from higher interest rates as they re-price their assets and liabilities, which would result in wider interest margins. Further, S&P anticipated that geopolitical and political risks could increase the volatility of local or external funding sources, which, combined with faster-than-expected monetary tightening by the U.S. Federal Reserve, would make global and local liquidity more scarce for EMs in 2022.

Source: S&P Global Ratings

GHANA

Banking sector exposed to elevated credit risks

Moody's Investors Service indicated that the banking system's 'very weak+' macro profile balances the strong growth potential of Ghana's dynamic economy supported by commodity exports and more secure power supply, against the small size of the economy, low income levels and high exposure to commodity prices. It said that the banking sector is exposed to elevated credit risks with high problem loans. It added that any potential buildup of government arrears will further weigh on the banking system's credit conditions, as these dues reduce the capacity of borrowers to whom the government owes money to repay their loans. It pointed out that the average lending rate declined from 21.3% in October 2020 to 20.3% in October 2021 but remains elevated, and indicated that credit growth was slightly higher than the expansion rate of the country's nominal GDP in 2021. It stated that the sector's non-performing loans ratio increased from 14.8% at end-2020 to 16.4% at the end of October 2021, due to the impact of the COVID-19 pandemic on the economy and the banks' weak risk management infrastructure and internal controls. Further, it noted that the banking sector is susceptible to exchange-rate risks in case of a depreciation of the Ghanaian cedi, as foreign-currency loans accounted for 26% of total loans at the end of March 2021. In parallel, it said that Ghanaian banks rely mainly on deposits and capital to fund their lending, which both account for 78% of the sector's total liabilities; while the net loans-to-deposits ratio stood at 45% at the end of July 2021, reflecting the banks' sufficient internal funding capacity.

Source: Moody's Investors Service

UAE

Higher non-interest income and lower provisioning drive rise in profits of top banks in 2021

Moody's Investors Service indicated that the aggregate net profits of First Abu Dhabi Bank, Emirates NBD Bank, Abu Dhabi Commercial Bank and Dubai Islamic Bank, which accounted for 78% of the UAE banking sector's assets at end-September 2021, reached $8bn in 2021, constituting an increase of 31% from $6bn in 2020. It attributed the rise in earnings to higher non-interest income and lower provisioning charges, driven by the recovery in the UAE's operating environment. Also, it indicated that the four banks' combined cost of risk regressed from 1.4% in 2020 to 1% in 2021 due to a sharp decline in impairment charges. However, it noted that the non-performing loans ratio remains elevated at 6% at end-2021, as borrowers impacted by the spread of the COVID-19 have faced difficulties to repay their loans. In parallel, it said that the banks' net interest income regressed by 4% in 2021 due to lower interest rates, while non-interest income grew by 30% last year, driven by exceptional trading gains and by an uptick in lending volumes and fee-generating activity. It added that the aggregate net interest margin of the four banks narrowed by 20 basis points (bps) in 2021, as the decline in lending rate was steeper than the decrease in deposit rates. It pointed out that the banks' combined return on assets stood at 1.2% at the end of 2021, up by 20 bps from end-2020, and expected the banks to return to their pre-pandemic levels of profitability in the next 12 to 18 months. It noted that the banks' combined tangible common equity-to-risk weighted assets ratio stood at 14.2% at end-2021 due to strong profit generation and lower dividend payments.

Source: Moody's Investors Service

TURKEY

Agency downgrades ratings of 22 banks

Fitch Ratings downgraded the long-term foreign currency Issuer Default Ratings (IDRs) of 22 Turkish banks from 'B+' to 'B' and the long-term local currency IDRs of 16 banks from 'BB-' to 'B+', following the downgrade of Turkey's long-term local and foreign currency IDRs from 'BB-' to 'B+'. It maintained the 'negative' outlook on the long-term ratings, similar to the outlook on the sovereign ratings. Further, it placed on rating watch negative (RWN) the viability ratings (VRs) of 15 Turkish banks. It attributed the downgrades to the rising macroeconomic, financial stability and external financing risks that could increase the authorities' intervention in the banking system. It added that it downgraded the IDRs of two state-owned banks due to Turkey's reduced ability to provide support in foreign currency to the banks, given its weak foreign currency reserves position. Also, it pointed out that the RWN on the VRs of the 15 rated banks increases the probability of a rating downgrade amid high operating and funding risks. It said that the 15 banks' refinancing risks remain elevated, given their reliance on wholesale funding in foreign currency and their reliance on investor sentiment amid exchange rate volatility. It noted that foreign currency liquidity risks, the depreciation of the Turkish lira, as well as the weakening of asset quality, are weighing the VRs of the 15 banks. In addition, it said that it downgraded the long-term foreign currency IDRs of nine foreign-owned Turkish banks due to concerns about the banks' ability to service their foreign-currency obligations.

Source: Fitch Ratings

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

ICE Brent crude oil front-month prices reached $112.93 per barrel (p/b) on March 2, 2022, their highest level since June 16, 2014, constituting an increase of 11.8% from $101 p/b at the end of February 2022 and a surge of 45.2% from $77.8 p/b at the end of 2021. The jump in oil prices is driven by the spike in geopolitical risks from Russia's invasion of Ukraine. In response, the members of the International Energy Agency (IEA) agreed to release between 60 million and 70 million barrels of oil, to reassure markets and alleviate concerns about disruptions to oil supply. Further, in its meeting held on March 2, 2022, the OPEC+ coalition decided to raise oil output by 400,000 barrels per day (b/d) in April 2022, as part of the process of unwinding supply cuts of 10 million b/d that they implemented starting in April 2020. In parallel, Goldman Sachs estimated Russia's oil exports currently at 7.3 million b/d. It said that 6 million b/d of Russian oil exports are at risk, as buyers of Russian oil are wary of future sanctions. It stressed the need to build 400 million barrels of global oil stocks by the end of 2023 in order to normalize inventories to meet global demand. Also, S&P Global Ratings estimated that a combination of the releases from IEA reserves and higher crude production from Saudi Arabia and the UAE could offset by 2 million b/d to 3 million b/d the decrease of Russian oil output in the coming two months. In parallel, JPMorgan Chase & Co. projected Brent oil price to average $110 p/b in the second quarter, $100 p/b in the third quarter and $90 p/b in the fourth quarter of 2022, reflecting the higher risk premium across the oil market.

Source: Goldman Sachs, S&P Global Ratings, JPMorgan Chase & Co., Refinitiv, Byblos Research

Saudi Arabia's oil exports receipts up 66% to $20.5bn in December 2021

Total oil exports from Saudi Arabia amounted to 8.6 million barrels per day (b/d) in December 2021, up by 1.2% from 8.5 million b/d in November and a rise of 11.7% from 7.7 million b/d in December 2020. Further, oil export receipts reached $20.5bn in December 2021, decreasing by 5.3% from $21.7bn in November 2021 and surging by 66% from $12.4bn in December 2020.

Source: JODI, General Authority for Statistics, Byblos Research

Iraq's oil exports at $8.5bn in February 2022

Preliminary figures show that the exports of crude oil from Iraq totaled 92.8 million barrels in February 2022 and decreased by 6.5% from 99.3 million barrels in January 2022. They averaged 3.3 million barrels per day (b/d) in February, compared to 3.2 million barrels b/d in the previous month. Oil exports from the central and southern fields amounted 91.3 million barrels in February, while shipments from the Kirkuk fields totaled 1.5 million barrels. Oils receipts stood at $8.5bn in February, up by 2.6% from $8.3bn in January 2022.

Source: Iraq Ministry of Oil, Byblos Research

Global petroleum and liquid fuels consumption to average 100.6 million b/d in 2022

The U.S. Energy Information Administration forecast global consumption of petroleum and liquid fuels to average 100.6 million barrels per day (b/d) in 2022, constituting an increase of 3.5 million b/d, or 3.6% from 97.1 million b/d in 2021. In parallel, it estimated global petroleum and liquid fuels consumption at 99 million b/d in January 2022, up by 6.6 million b/d from 92.4 million b/d in January 2021.

Source: Energy Information Administration, Byblos Research

Base Metals: Nickel prices to reach $23,326 per ton in 2022

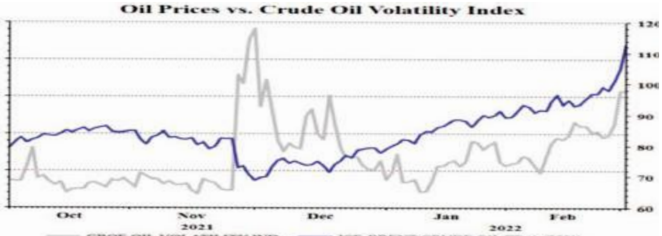
The LME cash prices of nickel averaged $23,129.3 per ton in the first two months of 2022, constituting an increase of 27.2% from an average of $18,183 a ton in the same period of 2021, driven by concerns over tight global supply conditions and low inventory stockpiles. Further, prices reached an all-time high of $26,489 per ton on March 2, 2022, due to the expected impact of the Russian invasion of Ukraine on global growth, as well as Russian banks' exclusion from the SWIFT international payments system that might affect the supply of the nickel, given that Russia is the world's third largest producer of the metal. Also, S&P Global Ratings indicated that several shippers refused to export Russian metals, which led to supply disruptions and drove the increase in nickel prices. In parallel, the latest available figures released by the International Nickel Study Group in January 2022 projected global demand for nickel to increase from 2.77 million tons in 2021 to 3 million tons in 2022, due to higher demand for the metal, mainly from producers of stainless steel that consume large quantities of nickel mainly in China, and from the electric vehicles (EV) sector for the production of EV batteries. It expected global supply to reach 3.12 million tons in 2022, up by 18.2% from 2.64 million tons in 2021, driven by expectations of higher production in Indonesia in the near term. Moreover, the latest figures published by Goldman Sachs prior to the Russian invasion of Ukraine forecast nickel prices to average $23,326 per ton in 2022 and $25,000 per ton in 2023.

Source: International Nickel Study Group, S&P Global Ratings, Goldman Sachs, Refinitiv, Byblos Research

Precious Metals: Palladium prices to average $2,075 per ounce in second quarter of 2022

The prices of palladium averaged $2,186.6 per troy ounce in the first two months of 2022, constituting a decrease of 7.4% from an average of $2,361.5 an ounce in the same period last year. The decline in prices was mainly due to global chip shortages, as well as to the substitution of palladium to platinum in catalytic converters. Also, Standard Chartered Bank (SCB) indicated that about 85% of demand for palladium originates from the automotive sector, where the metal is used as a key component of pollution-control devices in vehicles. But prices peaked at $2,691 per troy ounce on March 2, 2022, their highest level since July 16, 2021, following Russian's military invasion of Ukraine, given that Russia is the world's largest producer of palladium. In parallel, SCB estimated that Russia accounts for 35% to 40% of global palladium output, as it produced 2.6 million per troy ounce in 2021. However, it expected the palladium market to remain undersupplied at 146,000 ounces in 2022 for the 11th consecutive year, amid persistent production disruptions. It said that inflows into palladium-backed exchange-traded funds declined by 72%, and reached their lowest level since 2012, following Russia's invasion of Ukraine. Also, it forecast palladium prices to average $2,075 per ounce in the second quarter, $2,200 an ounce in the third quarter, and $2,250 per ounce in the fourth quarter of 2022.

Source: Standard Chartered Bank, Refinitiv, Byblos Research



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	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	BB+ CWN***	B3 RfD	B RWN****	- -	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- CWN	B3 RfD	CCC -	- -	B- Stable	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*
***Review for Downgrade*
**** CreditWatch with negative implications*
***** Rating Watch Negative*
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-Mar-22	No change	N/A
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	03-Mar-22	No change	11-Apr-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	25-Feb-22	No change	25-Mar-22
Kazakhstan	Repo Rate	9.75	24-Jan-22	Raised 50bps	09-Mar-22
Ukraine	Discount Rate	10.00	03-Mar-22	Raised 100bps	14-Apr-22
Russia	Refi Rate	20.00	28-Feb-22	Raised 1,050bps	18-Mar-22

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