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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global tourism receipts up 10% to $602bn in 2021

Figures released by the United Nations World Tourism Organization (UNWTO) show that global tourism receipts reached $602bn in 2021, constituting an increase of 10.3% from $546bn in international tourism earnings in 2021 and a contraction of 59.4% from $1.48 trillion in 2019. However, tourism revenues from visitors in the Asia & Pacific region dropped by 79% in 2021 from their level in 2019, followed by a decline of 61% in tourism receipts in each of the Americas and Africa, a decrease of 52% in visitor spending in the Middle East, and a retreat of 50% in tourism earnings in Europe. Also, it indicated that tourism spending per visitor averaged $1,411 in 2021 relative to $1,348 in 2020 and $1,012 per visitor in 2019. In parallel, a survey conducted by the UNWTO among its panel of tourism experts about the impact of the COVID-19 pandemic on tourism activity revealed that 69% of participants considered that tourism will rebound in the Asia & the Pacific region by 2024 or later, 63% of experts projected international tourism in the Middle East region to return to its pre-pandemic level in 2023, 56% of participants anticipated the recovery of international tourism in Africa and in Europe in 2023, while 48% of participants estimated the rebound in tourism to pre-pandemic levels in the Americas to take place in 2023.

Source: World Tourism Organization

SAUDI ARABIA

Profits of listed firms up 72% to $50bn in first quarter of 2022

The cumulative net income of 192 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR187.4bn, or $49.9bn, in the first quarter of 2022, constituting increases of 72.2% from $29bn in the same quarter of 2021, and of 21.5% from $41bn in the fourth quarter of 2021. Listed energy firms generated net profits of $38bn and accounted for 76.2% of total earnings in the covered quarter. Listed banks followed with $3.9bn in net income (8%), then basic materials firms with $3.8bn (7.6%), financial companies with $1.6bn (3.3%), telecommunications firms with $912.7m (1.8%), utilities companies with $471.3m (0.9%), healthcare equipment & services providers with $210.6m (0.42%), firms in the food & beverage sector with $203.6m (0.4%), insurers with $158.3m (0.3%), and software and services firms with $142.4m (0.2%); while listed companies in other sectors registered net profits of $342m (0.7%). In parallel, the net earnings of financial companies increased by 1,685% in the first quarter of 2022 from the same period last year, followed by the net income of capital good firms (+280.4%), insurers (+224%), transportation firms (+152.3%), energy companies (+80%), basic materials firms (+52%), media services companies (+40.5%), software & services companies (+39.3%), food & staples retailers (+38.5%), banks (+22.4%), healthcare equipment & services providers (+19.3%), pharmaceuticals, biotech & life sciences firms (+17.6%), food & beverage firms (+16.7%), and telecom companies (+6.7%). In contrast, the net profits of consumer durable and apparel companies decreased by 91.5% in the covered quarter, followed by the net earnings of utilities firms (-8.9%), and retailers (-2.6%).

Source: KAMCO

MENA

Greenfield FDI inflows up 1.3% to $34bn in 2021

Figures compiled by fDi Markets and released by the United Nations Conference on Trade and Development (UNCTAD) show that the Arab region attracted $34.1bn in greenfield foreign direct investments (FDI) in 2021, constituting an increase of 1.3% from $33.7bn in 2020. Greenfield FDI inflows to Arab countries accounted for 13.2% of such flows to developing economies and for 5.2% of global greenfield FDI in 2021 compared to 13% of inflows to developing economies and 5.9% of global greenfield FDI in 2020. Saudi Arabia was the destination of $9.5bn in greenfield FDI in 2021, equivalent to 27.8% of such investments in the Arab world. The UAE followed with $7.1bn (20.7%), then Egypt with $5.6bn (16.3%), Oman with $4.7bn (13.7%), Morocco with $1.8bn (5.3%), Qatar with $1.3bn (3.7%), Iraq with $1.1bn (3.3%), Bahrain with $1.1bn (3.1%) and Algeria with $857.5m (2.5%); while the remaining Arab countries received $1.2bn in greenfield FDI last year, or 3.5% of such inflows to the region. In parallel, Arab countries attracted 1,014 greenfield FDI projects in 2021, up from 715 projects in 2020, and accounted for 20.6% of the aggregate number of greenfield FDI projects in developing economies and for 6.9% of such projects worldwide. The UAE was the destination of 535 greenfield FDI projects last year and accounted for 52.8% of the number of such projects in the Arab world. Saudi Arabia followed with 147 projects (14.5%), then Qatar with 94 projects (9.3%), Egypt with 65 projects (6.4%), Morocco with 52 projects (5.1%), Oman with 34 projects (3.4%), and Bahrain with 30 projects (3%), while the remaining Arab countries attracted 57 greenfield FDI projects, or 5.6% of the total in 2021.

Source: UNCTAD, Byblos Research

Travel and tourism contributes 5% of GDP in 2021

The World Travel & Tourism Council (WTTC) estimated that the travel and tourism sector in the Middle East contributed 5.1% of the region's GDP in 2021 compared to 4.5% of GDP in 2020. It also estimated that the broad travel & tourism (T&T) sector generated $188.5bn in revenues in 2021, constituting an increase of 16% from $162.6bn in 2020. It noted that the T&T sector's contribution to GDP in the Middle East accounted for 3.2% of the contribution of the worldwide T&T industry to global GDP last year compared to 3.4% in 2020. It pointed out that the T&T industry gained 390,000 jobs in 2021 as it employed 5.56 million persons last year, up by 7.5% from 5.17 million jobs in 2020. As such, the industry accounted for 7.3% of total employment in the Middle East in 2021 compared to a share of 6.9% in 2020. In parallel, the WTTC estimated the aggregate spending by visitors in the Middle East at $53.6bn in 2021 relative to $51.5bn in 2020, which accounted for 4.4% of the region's exports of goods and services last year and in 2020. Also, spending by local visitors on T&T reached $82.9bn in 2021, up by 38.4% from $60bn in domestic spending in 2020. Further, leisure spending by visitors in the Middle East totaled $116.4bn in 2021 compared to $220bn in 2019, while business spending reached $20bn relative to $42.4bn in 2019.

Source: World Travel & Tourism Council

OUTLOOK

WORLD

Value of consumed commodities to rise by 39% to $11.4tn in 2022

Citi Research projected the aggregate value of commodities that households, companies, organizations and public sectors consume globally would rise from $6.2 trillion (tn) in 2019 to $11.4tn in 2022, which is a rise that is equivalent to about 5% of global GDP in 2022. It expected the increase in the value of globally-consumed commodities to be broad-based, with the cost of petroleum products rising by $1.6tn, followed by metals (+$1.3tn), natural gas (+$0.9tn), coal (+$0.7tn), as well as corn, wheat and soybeans (+$0.4tn). In parallel, it estimated that global consumers of commodities will pay producers about $6.3tn more, or the equivalent to 6.2% of global GDP in 2022, than they did in 2019, based on forward contracts of global commodities for the second half of 2022. Under this scenario, it anticipated the prices of petroleum products to rise by $2tn, followed by the cost of metals and natural gas (+$1.2tn each), coal (+$1tn), as well as the prices of corn, wheat and soybeans (+$0.6tn).

In parallel, it noted that the relatively broad based nature of the recent global increase in the prices of commodities may have several implications on households and corporates, such as longer lags between commodity price increases and the cost that households and corporates that ultimately consume those commodities pay, and anticipated that the increases in gas and coal prices to take longer than oil prices to pass through to households given the lags in contract pricing. Also, it expected that the rise in input prices of energy will be absorbed in part by utilities companies, the increase in agricultural commodity prices will be borne partially by supermarkets, and for the rise in metal prices to be absorbed in part by metal producers and wholesalers, among others.
Source: Citi Research

SAUDI ARABIA

Positive economic outlook to support public finances and external sector

The International Monetary Fund indicated that Saudi Arabia is well-positioned to weather the risks posed by Russia's invasion of Ukraine and by the tightening of monetary policy in advanced economies. It projected real GDP growth to accelerate from 3.2% in 2021 to 4.6% in 2022, supported by the easing of oil production cuts under the OPEC+ agreement and by the authorities' sustained reform efforts under the Vision 2030 plan, despite expectations of tighter monetary policy and the government's planned fiscal consolidation measures. Also, it anticipated activity in the non-oil sector to expand by 4.2% this year, and to return to its medium-term potential in 2023. In addition, it forecast the inflation rate to remain contained at an average of 2.8% this year as an appreciating US dollar, caps on gasoline prices, and subsidies on wheat help contain pressures from supply-side shocks. Further, it considered that upside risks to the outlook include further increases in oil production, and gains from a successful implementation of the National Investment Strategy. But it noted that downside risks could originate from pressures to spend oil windfalls that could lead authorities to deviate from the reform agenda, inflationary pressures from higher food prices, new variants of the coronavirus, lower oil prices due to slower global growth, and an abrupt slowdown in economic activity in China.

In parallel, the IMF expected that the receding effects of the pandemic, rising global oil prices and a stronger economy will lead to the improvement of Saudi Arabia's fiscal position in 2022. It projected the fiscal balance to post a surplus of 5.6% of GDP this year relative to a budgeted surplus of 2.5% of GDP for 2022, even when taking into account provisions for targeted social safety nets and the increase in food subsidies. Also, it forecast the public debt level to regress to 24.2% of GDP by the end of 2022, and for the central government's net financial asset position to improve from -17.7% of GDP at the end of 2021 to -8.7% at end-2022. It considered that authorities should focus on managing the higher oil revenue gains in a sustainable way, step up fiscal consolidation efforts, and maintain the progress made on energy price reforms. Further, it projected the current account surplus to increase from 5.3% of GDP in 2021 to 17.4% of GDP in 2022, its highest level since 2013, and forecast foreign currency reserves to stabilize at about 28 months of import coverage over the medium term.
Source: International Monetary Fund

IRAQ

Real GDP to grow by 9% in 2022, to average 5% in 2023-24

The Institute of International Finance (IIF) expected the ongoing economic recovery in Iraq to continue and projected real GDP growth to accelerate from 5.1% in 2021 to 9% in 2022, supported mainly by higher oil production and prices, as well as by stronger domestic demand. But it said that the spread of COVID-19 variants and low vaccination rates may pose significant headwinds to the recovery in the non-oil economy. As such, it anticipated the oil sector's real GDP growth to improve from 0.2% in 2021 to 11% this year and to reach 4.5% next year, while it expected activity in the non-oil sector to grow by 6% in 2022 and 5% in 2023, following an expansion of 13% last year. It forecast real GDP growth to average about 5% annually in the 2023-24 period, as growth in oil production decelerates. It considered that downside risks to the outlook include a steeper-than-projected decline in oil prices, inadequate policy implementation, as well as a protracted political paralysis and deterioration in security conditions.

In parallel, the IIF considered that authorities need to implement fiscal reforms to limit spending on public-sector wages and pensions, as well as to reduce inefficient energy subsidies and boost public non-oil revenues. It projected the fiscal surplus to increase from 2.5% of GDP in 2021 to 10.2% of GDP in 2022, as higher oil revenues will more than offset the significant expansion in public spending, and expected the fiscal surplus to reach 4.1% of GDP in 2023. It estimated that the fiscal balance would improve by 4.2% of GDP for every increase in oil prices by $10 per barrel. Also, it forecast the public debt level to decline from 67% of GDP at the end of 2021 to 43.2% of GDP by end-2022, mainly due to the projected large fiscal surpluses and the sizeable expansion in nominal GDP. Further, it projected the current account surplus to increase from $18.6bn, or the equivalent of 10.2% of GDP in 2021, to $50.3bn or 20.7% of GDP in 2022, and expected it to reach $26.9bn or 11.1% of GDP in 2023. Also, it forecast the Central Bank of Iraq's foreign currency reserves at $96bn, or the equivalent to 14.7 months of import coverage, at the end of 2022, and to reach $114.8bn or 15.6 months of imports by end-2023.
Source: Institute of International Finance

KUWAIT

Insurance sector facing intermediate risks

S&P Global Ratings assessed the insurance industry and country risk level of the property and casualty (P&C) and health insurance sector in Kuwait as "intermediate". It noted that it derived its assessment from a "moderately high" country risk level amid high economic and political risks, and a "moderately low" industry risk level for the domestic P&C and health insurance sector. The agency said that its risk scale ranges from "very low" to "intermediate", "moderately high" and "very high". It pointed out that the insurance industry's risk assessment in Kuwait is at the same level as in Qatar, Saudi Arabia and the UAE. Further, it indicated that the industry risk assessment takes into account Kuwait's weak institutional framework and relatively low barriers to market entry for insurers. However, it said that the insurance law that the authorities introduced in March 2021 and the establishment of a new insurance regulator will help strengthen market discipline and oversight in the coming years. Also, it expected gross written premiums to increase by 5% in 2022 and 2023, mainly driven by the expansion of several compulsory medical lines and the ongoing economic growth. It said that the insurance industry in Kuwait has limited product risk, as most domestic insurers mainly hold short-tail policies, in addition to the country's very limited exposure to natural catastrophes. In parallel, it pointed out that small insurance companies in the country focus on motor insurance policies that help them generate cash flow, while larger insurers benefit from access to more profitable business lines, create economies of scale, and profit from lucrative commissions from high-risk policies that they cede to international reinsurers.

Source: S&P Global Ratings

ETHIOPIA

Structural reforms key to absorb multiple shocks

The International Monetary Fund indicated that the COVID-19 pandemic, domestic security conditions, and the war in Ukraine have generated significant social and economic challenges in Ethiopia, which required authorities to adjust their policies in order to mitigate the impact of the multiple shocks on the economy. It projected the country's real GDP growth to decelerate to 3.8% in FY2021/22 due to lower agricultural production, sustained shortages in foreign currency, and elevated inflation rates. It noted that the increase in the prices of global commodities, food and fertilizers will increase the country’s import bill, which, in turn, will widen the current account deficit in FY2021/22. In parallel, the IMF welcomed Ethiopia's request for debt treatment under the G-20 Common Framework, given that it will enhance the country's debt sustainability, and called for a plan to address the debt of state-owned enterprises. In addition, it anticipated the budget deficit to widen in the near term due to the approval of the supplementary budget that included increases in military and social spending, amid a drop in tax revenues and a decline of external financing. It added that the implementation of structural reforms and monetary policy would help reduce the shortages in foreign currency and the inflation rate. Also, the IMF stressed the need to implement structural reforms to support the transition from public to private sector-led growth, which will contribute to high and sustainable growth over the long term.

Source: International Monetary Fund

CÔTE D'IVOIRE

Economic growth to slow down to 6% in 2022

The International Monetary Fund projected Côte d'Ivoire's real GDP growth to slow down from 7% in 2021 to 6% in 2022 due to subdued global demand, the deterioration in the country's terms of trade, increased uncertainties from Russia's invasion of Ukraine, and elevated inflation rate. Further, it pointed out that the Ivorian authorities introduced price ceilings on several food items to mitigate the effects of the war in Ukraine on the economy. It noted that the fiscal deficit stood at 5.1% of GDP in 2021, due mainly to gains from strengthening the tax administration and ongoing digitalization efforts, which, in turn, have offset higher spending on defense. It also stressed the importance of preserving macroeconomic and debt sustainability in order to rebuild fiscal buffers over time. It noted that the government agreed to continue to mobilize domestic revenues, which is crucial for the financing of critical spending and for enhancing macroeconomic resilience. Further, it considered that the country's macroeconomic outlook will be affected by higher external risks from the global repercussions of the war in Ukraine, tighter monetary policy in advanced economies and the associated increase in borrowing costs, the continued political instability in several neighboring countries, as well as the possible emergence of new COVID-19 variants. In contrast, it noted that the recent discovery of a substantial quantity of oil and gas in Côte d'Ivoire and the implementation of reforms under the 2021-25 National Development Plan could provide a boost to the medium-term outlook.

Source: International Monetary Fund

OMAN

Economic activity to accelerate in medium term

The International Monetary Fund projected Oman's real GDP to grow by 4.5% in 2022, supported by an expansion in hydrocarbon production and a recovery in non-hydrocarbon activity, and anticipated the economic recovery to accelerate in the medium term. Also, it forecast the fiscal balance to post a surplus at 5.5% of GDP in 2022, and to register surpluses over the medium term driven by elevated global oil prices and fiscal consolidation under the authorities' Medium-Term Fiscal Plan. As such, it projected the public debt level to decline from 63% of GDP in 2021 to 45% of GDP in 2022. Further, it forecast the current account surplus at 6.8% of GDP in 2022, supported by higher oil export receipts. It considered that the outlook faces signifiacnt downside risks that include uncertainties about the war in Ukraine and its impact on the global economy, as well as the possible emergence of new COVID-19 variants that would extend the pandemic and weigh on economic activity. In addition, it anticipated tighter global financial conditions and higher inflationary pressures, due to elevated global food and energy prices. In contrast, it said that upside risks to the outlook include higher-than-expected hydrocarbon receipts and accelerating the implementation of structural reforms. In parallel, the IMF welcomed the authorities' commitment to implement the Medium-Term Fiscal Balance Program to contain public expenditures, reduce the dependence of public revenues on oil prices, and to put the public debt level on a downward path.

Source: International Monetary Fund

BANKING

GCC

Banks to benefit from rise in interest rates

Goldman Sachs indicated that banks in the Gulf Cooperation Council (GCC) countries will benefit more significantly than other banking sectors in emerging markets (EM) from the rise in interest rates, due to their access to a large non-interest-bearing deposit base and to the fact that their loan books carry mainly floating interest rates. It pointed out that, after the U.S. Federal Reserve raised its policy rate from 1% to 1.75% on June 15, 2022, the Central Bank of the UAE increased its interest rates by 75 basis points (bps), the Central Bank of Saudi Arabia hiked its interest rates by 50 bps, and the Central Bank of Kuwait increased its rates by 25 bps, while the Qatar Central Bank raised the deposit and repurchase rates by 75 bps each and the lending rate by 50 bps. It noted that the net interest margins of GCC banks could vary depending on the ability of banks to pass through the increase in rates to their customers. As such, it expected the net interest margins of Saudi banks to rise by 46 bps, those of the UAE banks to increase by 33 bps, the margins of Kuwaiti banks to widen by 17 bps and the net interest margins of Qatari banks to rise by seven bps in the 2021-24 period. Further, it considered that the central banks of Bahrain and Oman have not increased their interest rates due to lower inflation rates compared to other EM economies. Also, it noted that the supportive macroeconomic conditions amid elevated oil prices and the recovery in economic activity in the GCC region are likely to cushion the impact of rising interest rates on the banks' asset quality.

Source: Goldman Sachs

JORDAN

Ratings on six banks affirmed

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Jordan Ahli Bank (JAB), Jordan Kuwait Bank (JKB), Capital Bank of Jordan (CAP), Safwa Islamic Bank (SIB), Arab Jordan Investment Bank (AJIB) and Investbank (IB) at 'B+', which are four notches below investment grade. It also affirmed the Bank Standalone Ratings (BSRs) of the six banks at 'b+' and maintained the 'stable' outlook on the banks' ratings and BSRs. It indicated that the ratings of the six banks benefit from a high probability of government support despite the moderate financial capacity of the sovereign. It noted that the ratings balance the banks' sound liquidity metrics and adequate capitalization with the deteriorating operating environment in Jordan due mainly to the fallout of the COVID-19 outbreak and the heightened credit risks in the country. Further, it said that the ratings of JAB are supported by the bank's long-established franchise in Jordan, and that the ratings of JKB are underpinned by the bank's good operating profitability and the sustained improvement in loan-loss reserve coverage. Also, it pointed out that CAP's ratings reflect the bank's solid funding, as well as its high non-performing loans ratio, while it noted that SIB's modest net profitability, elevated borrower concentrations, and declining capital-to-assets ratio are weighing on the bank's ratings. It added that the ratings of JAB, JKB and CBJ are constrained by the banks' significant exposure to government securities. It said that good asset quality and sound capital adequacy ratios support the ratings of AJIB and IB, while the high concentrations of the banks' loan books and customer deposit base are weighing on their ratings.

Source: Capital Intelligence Ratings

NIGERIA

Agency takes rating actions on five banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDR) of Access Bank, Zenith Bank, United Bank for Africa (UBA), and Guaranty Trust Bank (GTB) at 'B', and maintained the 'stable' outlook on the banks' IDRs. It also affirmed the national long-term rating of Stanbic IBTC Bank (SIBTC) at 'AAA(nga)'. In addition, the agency affirmed the Viability Ratings (VRs) of Access Bank, Zenith Bank, UBA, and GTB at 'b'. It pointed out that the ratings of Access Bank, Zenith Bank, UBA, and GTB are supported by their standalone credit profiles, as reflected by their VRs. It added that the rating of SIBTC reflects the potential support from its South African parent bank, Standard Bank Group, the bank's solid capitalization, sound asset quality, stable funding and sufficient liquidity. It pointed out that the VRs of Access Bank, Zenith Bank, UBA, and GTB balance the banks' strong profitability against Nigeria's challenging operating environment. It said that Zenith Bank's VR reflects the bank's high exposure to the Nigerian sovereign with a solid financial profile. It noted that the VR of Access Bank is underpinned by the bank's leading franchise, healthy loan quality, and strong revenue diversification and liquidity coverage, as well as the bank's aggressive cross-border growth and moderate capitalization. Also, it indicated that adequate capital buffers, which provide reasonable capacity to absorb losses from an economic downturn, support the VRs of UBA and GTB, and added that the VR of the latter is underpinned by the franchise strengths of its parent bank.

Source: Fitch Ratings

MOROCCO

Banking sector to face global contagion risks

Fitch Ratings indicated that the aggregate net income of the seven largest Moroccan banks increased by 21% in the first quarter of 2022 from the same quarter of the previous year. It attributed the rise in profits to a decline of 21% in loan impairment charges (LICs), following the significant front-loading of provisions in the 2020-21 period in light of the COVID-19 outbreak. It said that the seven banks' LICs regressed from 40% of pre-impairment operating profits in 2021 to 32% of such profits in the first quarter of 2022. It expected the declining trend in LICs to slow down, as adverse global economic conditions affect the local economy and put pressure on the banks' asset quality. Further, it pointed out that the banks' return on equity improved from 8.1% in 2021 to 8.6% in the first quarter of 2022, and expected it to increase further by the end of 2022 but to remain below its pre-pandemic level of 9.9%, along with still-high LICs, which may lead several banks to expand their business across Africa in order to pursue higher profitability. In parallel, it noted that the banks' aggregate net interest income increased by 0.6% in the first quarter of the year, reflecting lower interest rates and the limited growth in lending. Also, it anticipated that Bank Al-Maghrib could increase its policy rate in 2022, given the recent interest rate hikes in advanced economies. It considered that Moroccan banks will benefit from higher interest rates, as the they will reprice their new and existing loan portfolios and benefit from higher yields, and given that 30% of domestic loans mature within 12 months. However, it noted that subdued lending growth and the competition between banks could limit the benefits of higher interest rates.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $100 p/b in rest of 2022

ICE Brent crude oil front-month prices reached $111.7 per barrel (p/b) on June 22, 2022, constituting a decline of 9.6% from a recent high of $123.6 p/b on June 8, 2022. The decrease in oil prices is mainly due to concerns that interest rate hikes by the U.S. Federal Reserve could push the U.S. economy into recession, which could dampen demand for oil. In parallel, S&P Global Ratings indicated that the demand for oil continues to trend upward despite tight supply conditions, driven by the expected strong demand in the U.S. during the summer season and the recovery from COVID-19-related lockdowns in China. It forecast the increase in oil demand to slow down in late 2022 and in 2023 due to high inflation and interest rates worldwide, along with the challenges of the Russian invasion of Ukraine. Further, it expected hydrocarbon prices to remain elevated in the medium term, in case of a prolonged war in Ukraine and if sanctions and embargoes on Russian exports persist, amid an already tight global balance in the oil market. Also, it pointed out that the near term global shortages in the supply of oil, low oil inventories, and declining spare production capacity will put upward pressure on oil prices. It considered that North American oil producers will be unable to ramp up output beyond their initial planned activity amid higher costs of production. It also noted that negotiations between Iran and world powers to revive the Joint Comprehensive Plan of Action had apparently stalled and said that several OPEC+ producers did not increase their quotas, which could keep the oil market tight in the near term. Further, it projected oil prices to average $100 p/b in the remainder of 2022 and $85 p/b in 2023.

Source: S&P Global Ratings, Refinitiv, Byblos Research

Global steel output up 4% in May 2022

Global steel production reached 169.5 million tons in May 2022, constituting an increase of 4.2% from 162.7 million tons in April 2022 and a decline of 2.8% from 174.4 million tons in May 2021. Production in China totaled 96.6 million tons and accounted for 57% of global output in May 2022. India followed with 10.6 million tons, or 6.3% of the total, then Japan with 8.1 million tons (4.8%), the U.S. with 7.2 million tons (4.2%), Russia with 6.4 million tons (3.8%), and South Korea with 5.8 million tons (3.4%).

Source: World Steel Association, Byblos Research

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

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East and Africa to average 12.42 million barrels per day (b/d) in 2022, which would constitute an increase of 3.4% from 12.01 million b/d in 2021. The region's demand for oil would represent 23% of demand in non-OECD countries and 12.4% of global consumption this year.

Source: OPEC

Angola's oil export receipts up 41% to $2bn in May 2022

Oil exports from Angola reached 33.8 million barrels in May 2022, constituting decreases of 1.7 million barrels (-4.8%) from April 2022 and of 1.3 million barrels (-3.7%) from the same month in 2021. The country's oil export receipts totaled KZ858.4bn, or $2.1bn, in May 2022 and rose by 41.3% from KZ607.5bn, or $1.43bn in April 2022. They surged by 97.5% from KZ434.6bn ($666m) in May 2021.

Source: Ministry of Finance of Angola

Base Metals: Copper prices to average $9,925 per ton in second quarter of 2022

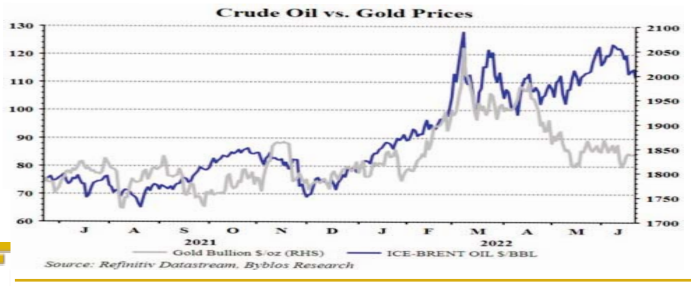
LME copper cash prices averaged $9,830.8 per ton in the year-to-June 22 period, constituting an increase of 8.3% from an average of $9,075 a ton in the same period of 2021. Supply disruptions and expectations of robust global demand drove the rise in prices. Also, copper prices declined to $8,773.5 per ton on June 22, 2022 from an all-time high of $11,299.5 a ton on October 18, 2021. The decline in prices was due to the tightening of global monetary policy and the renewed lockdown measures in China amid a surge in the number of new coronavirus cases, which has limited the prospects of a recovery in copper demand. In parallel, the latest available figures released by the International Copper Study Group show that global demand for refined copper was 8.3 million tons in the first four months of 2022, up by 2.2% from the period of 2021, due to an increase of 1.2% in global demand for refined copper excluding China. Further, demand for the metal in China grew by 3% in the first four months of the year, despite a decrease of 7% in the imports of net refined copper. In parallel, global refined copper production reached 8.4 million tons in the first quarter of 2022, constituting an increase of 3.4% from 8.2 million tons in the same period of 2021, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Japan. In addition, Standard Chartered Bank projected copper prices to average $9,925 per ton in the second quarter, $9,750 a ton in the third quarter, and $9,600 per ton in the fourth quarter of 2022.

Source: ICSG, Standard Chartered Bank, Refinitiv

Precious Metals: Gold prices to average $1,920 per ounce in second quarter of 2022

Gold prices averaged $1,878 per troy ounce in the year-to-June 22, 2022 period, constituting an increase of 3.9% from an average of $1,807.3 an ounce in the same period last year, driven mainly by accelerating inflation rates globally and Russia's military invasion of Ukraine, which reinforced the appeal of the metal as a safe haven amid the escalation of geopolitical tensions. Further, prices regressed from a high of $2,056 per ounce on March 8, 2022 to $1,839.6 an ounce on June 22, 2022, due to a stronger US dollar and higher U.S. bond yields. In parallel, Fitch Ratings expected gold prices to moderate if geopolitical tensions ease and if rising interest rates persist in the near term. Further, Standard Chartered Bank indicated that gold prices have been volatile in past months, trading at between $1,800 per ounce and $1,880 an ounce due to several factors. It said that renewed investor demand for the safe-haven asset, amid declines in global equity markets and prolonged elevated inflation rates globally, is putting upward pressure on gold prices. Also, it noted that expectations of faster rate hikes worldwide are weighing on gold prices. Moreover, it forecast gold prices to average $1,920 per ounce in the second quarter, $1,850 an ounce in the third quarter, and $1,750 per ounce in the fourth quarter of 2022.

Source: Fitch Ratings, Standard Chartered Bank, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	Fitch	CI	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 (%)
		LT Foreign currency rating										
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Stable	B- Stable	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Stable	B2 Negative	B+ Stable	B+ Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa1 RfD**	CCC -	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B- Stable	Caa1 Stable	B- Negative	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Stable	BB- Stable	- -	-4.1	43.2			14.3		-3.5	1.4
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	Caa1 Stable	- -	- -	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB- Negative	Ba1 Negative	BB+ Stable	- -	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Stable	B2 Stable	B Stable	- -	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Tunisia	- -	Caa1 Negative	CCC -	- -	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+ Stable	B2 Negative	B+ Stable	B+ Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	- -	- -	- -	B Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+ Stable	B1 Stable	BB- Negative	B+ Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+ Negative	A1 Stable	AA- Stable	A+ Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD -	C -	C -	- -	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB- Stable	Ba3 Negative	BB- Stable	BB Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A- Positive	A1 Stable	A Positive	A+ Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	- -	- -	- -	- -	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	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+ Stable	Ba3 Negative	B+ Stable	B+ Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 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	- -	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B- Stable	B3 Negative	B- 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	- -	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN***	Ca Negative	C -	- -	-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	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B- CWN	B3 RfD	CCC -	- -	-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*
Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, 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	1.75	15-Jun-22	Raised 75bps	N/A
Eurozone	Refi Rate	0.00	09-Jun-22	No change	N/A
UK	Bank Rate	1.25	16-Jun-22	Raised 25bps	N/A
Japan	O/N Call Rate	-0.10	17-Jun-22	No change	21-Jul-22
Australia	Cash Rate	0.85	07-Jun-22	Raised 50bps	05-Jul-22
New Zealand	Cash Rate	2.00	25-May-22	Raised 50bps	13-Jul-22
Switzerland	SNB Policy Rate	-0.25	16-Jun-22	Cut 50bps	22-Sep-22
Canada	Overnight rate	1.50	01-Jun-22	Raised 50bps	13-Jul-22
Emerging Markets					
China	One-year Loan Prime Rate	3.70	20-Jun-22	No change	20-Jul-22
Hong Kong	Base Rate	2.00	16-Jun-22	Raised 75bps	N/A
Taiwan	Discount Rate	1.50	16-Jun-22	Raised 12.5bps	22-Sep-22
South Korea	Base Rate	1.75	26-May-22	Raised 25bps	14-Jul-22
Malaysia	O/N Policy Rate	2.00	11-May-22	Raised 25bps	06-Jul-22
Thailand	1D Repo	0.50	08-Jun-22	No change	10-Aug-22
India	Reverse Repo Rate	3.35	08-Apr-22	No change	N/A
UAE	Repo Rate	3.00	15-Jun-22	Raised 75bps	N/A
Saudi Arabia	Repo Rate	2.25	15-Jun-22	Raised 50bps	N/A
Egypt	Overnight Deposit	11.25	19-May-22	Raised 200bps	23-Jun-22
Jordan	CBJ Main Rate	3.75	16-Jun-22	Raised 50bps	N/A
Turkey	Repo Rate	14.00	23-Jun-22	No change	21-Jul-22
South Africa	Repo Rate	4.75	19-May-22	Raised 50bps	21-Jul-22
Kenya	Central Bank Rate	7.50	30-May-22	Raised 50bps	N/A
Nigeria	Monetary Policy Rate	13.00	24-May-22	Raised 150bps	26-Jul-22
Ghana	Prime Rate	19.00	23-May-22	Raised 200bps	25-Jul-22
Angola	Base Rate	20.00	31-May-22	No change	29-Jul-22
Mexico	Target Rate	7.00	12-May-22	Raised 50bps	23-Jun-22
Brazil	Selic Rate	13.25	15-Jun-22	Raised 50bps	N/A
Armenia	Refi Rate	9.25	14-Jun-22	No change	02-Aug-22
Romania	Policy Rate	3.75	10-May-22	Raised 75bps	06-Jul-22
Bulgaria	Base Interest	0.00	27-May-22	No change	27-Jun-22
Kazakhstan	Repo Rate	14.00	06-Jun-22	No change	25-Jul-22
Ukraine	Discount Rate	25.00	02-Jun-22	Raised 1500bps	21-Jul-22
Russia	Refi Rate	9.50	10-Jun-22	Cut 150bps	22-Jul-22

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