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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Nearly 52% of rated sovereigns have investment-grade rating

S&P Global Ratings indicated that 51.8% of the sovereigns that it rates had an investment grade rating as at June 17, 2022, the second lowest such ratio since June 2017 when it stood at 51.5% and relative to a high of 55.8% at the end of 2014. It said that the number of sovereigns rated in the 'B' category or lower accounted for 35% of the total rated sovereigns, unchanged from the end of 2021 and compared to 33.8% in June 2021. It noted that the global average sovereign credit rating declined from about 'BBB' at the end of 2009 to 'BBB-' in June 2021, while the average sovereign rating, weighted by GDP, regressed from about 'AA-' to 'A+' over the same period of time. In parallel, the agency said that it had 13 sovereigns that carry a 'negative' outlook on their ratings as at June 17, down from 19 at end-2021, while the number of sovereigns carrying a 'positive' outlook on their ratings declined from 10 sovereigns at end-2021 to eight as at June 17, 2022. It added that the number of sovereigns with a 'stable' outlook increased from 105 at end-2021 to 112 at June 6, 2022. In parallel, it indicated that nine sovereigns in the Europe, the Middle East and Africa (EMEA) region and four countries in the Americas had a 'negative' outlook on their ratings. Also, it noted that seven sovereigns in the EMEA region and one sovereign in the Americas carried a 'positive' outlook on their ratings. Further, it said that 68 sovereigns in the EMEA region, 24 countries in the Americas, and 20 sovereigns in Asia Pacific had a 'stable' outlook on their ratings.

Source: S&P Global Ratings

QATAR

Profits of listed firms up 27% to $3.7bn in first quarter of 2022

The net income of 47 companies listed on the Qatar Stock Exchange totaled QAR13.6bn, or $3.7bn in the first quarter of 2022, constituting increases of 26.6% from QAR10.8bn ($3bn) in the first quarter of 2021 and of 31.3% from QAR10.4bn ($2.8bn) in the fourth quarter of 2021. Banking & financial services firms generated net profits of $1.8bn in the first quarter of 2022 and accounted for 48.6% of the earnings of publicly-listed firms. Industrial companies followed with $1.1bn, or 30.4% of the total, then transportation firms with $219.7m (6%), telecommunications firms with $210.5m (5.6%), real estate companies with $130.2m (3.5%), consumer goods & services providers with $118.5m (3.2%), and insurers with $106.4m (2.8%). Further, the net earnings of listed telecommunications firms surged by 195.7% in the first quarter of 2022 from the same quarter last year, followed by industrial companies (+64%), real estate firms (+21.5%), transportation companies (+19.1%), insurance providers (+12.5%), and banking & financial services providers (+8.3%). In contrast, the net income of providers of consumer goods & services decreased by 5.8% in the first quarter of 2022 from the same period of 2021.

Source: KAMCO

MENA

Cost of living varies among Arab cities

The Mid-2022 Cost of Living survey, produced by crowd-sourced global database Numbeo, ranked Beirut as the most expensive city among 29 Arab cities and the 12th most expensive among 510 cities worldwide. Dubai followed in 208th place, then Doha (225th), Ramallah (245th) and Abu Dhabi (261st) as the five Arab cities with the highest cost of living. The Arab cities that have the lowest cost of living are Algiers (470th), Giza (474th), Alexandria (483rd), Sousse in Tunisia (487th), and Oran in Algeria (488th). The Cost of Living Index is an indicator of the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimation of apartment rents in a city compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices. Further, the Rent Index shows that Sharjah has the highest residential rents regionally, while rents in Giza are the lowest. Also, the Groceries Index indicates that grocery prices in Beirut are the highest in the Arab world, while such prices are the lowest in Sousse. In addition, the Restaurant Index shows that Beirut has the highest prices of meals and drinks at restaurants and pubs, while Oran has the lowest such prices regionally. Moreover, the Local Purchasing Power Index indicates that the purchasing power of consumers in Dubai is the highest among Arab cities, while the purchasing power in Damascus is the lowest.

Source: Numbeo, Byblos Research

SAUDI ARABIA

Venture capital funding up 244% to $584m in first half of 2022

Figures released by online platform Magnitt show that venture capital (VC) funding in Saudi Arabia reached $584m in the first half of 2022, constituting a surge of 244% from $170m in the first half of 2021 and compared to $370m in the second half of last year. VC investments in the Kingdom in the covered period exceeded by 8% the $539m in funding in full year 2021. Further, the number of VC deals totaled 79 in the first half of 2022, increased by 36% from 58 investments in the same period last year and decreased by 7% from 85 transactions in the second half of 2021. In parallel, VC investments in companies in the food & beverage sector amounted to $187m and accounted for 32% of aggregate VC investments in Saudi Arabia in the first half of 2022, followed by investments in fintech firms with $95m (16.3%), transport & logistics companies with $67m (11.5%), e-commerce companies with $66m (11.3%), and IT solutions firms with $42m (7.2%). Also, there were 17 investments in the fintech sector, or 21.5% of the aggregate number of deals in the first half of 2022, followed by transport & logistics companies with 12 transactions each (15.2% of the total), e-commerce firms with eight deals (10.1%), and enterprise software companies and firms in the food & beverage sector with six investments each (7.6% each).

Source: Magnitt, Byblos Research

OUTLOOK

WORLD

Insurance premiums projected at $7.3 trillion in 2022

Global reinsurer Swiss Re projected global insurance premiums at $7.3 trillion in 2022, constituting an increase of 6.1% from $6.9 trillion in 2021, which translates into a real growth rate of 0.4% for this year. It attributed the premium growth to the higher pricing of non-life insurance products to mitigate for the elevated inflation rates, and to faster premium growth in emerging markets (EMs). It expected premiums in 2022 to exceed by 17% their level at the onset of the COVID-19 outbreak, which reflects the resilience of insurance markets during the pandemic. Further, it anticipated the medium-term outlook to be challenging due to the global economic slowdown and the elevated inflation rates, and for premiums to grow in 2023 at a slightly lower rate than the average trend growth of 2.4% in the 2011-2020 period.

In parallel, it projected global non-life premiums to increase by 0.8% in real terms in 2022 and by 2.2% in 2023, driven by higher prices on non-life products, mainly in commercial lines. It expected non-life premiums in EMs to grow by real rates of 3% in 2022 and 4.2% in 2023, and to exceed the growth rates in advanced markets for both years. It attributed the increase of non-life premiums in EMs this year to stronger demand for short-term health insurance, fueled by consumers' rising risk awareness about health security following the COVID-19 outbreak, and by strong policy support as governments seek to expand access to healthcare. Further, it forecast global life premiums to contract by 0.2% in real terms in 2022 and to increase by 1.9% in 2023. It anticipated that saving premiums, which represent more than 75% of the life insurance category, will suffer from volatile financial market conditions and falling disposable incomes. However, it expected higher interest rates to support demand for guaranteed savings products. It forecast life premiums in advanced economies to regress by 0.6% in real terms in 2022 and to grow by 1.2% in 2023, while it projected life premiums in EMs excluding China to expand by 3.5% in real terms this year.

Source: Swiss Re

GCC

Economies to accumulate $1 trillion in external assets in next three years

Goldman Sachs expected the current surge in global oil prices to support the fiscal and external balances of Gulf Cooperation Council (GCC) countries. It projected the six GCC economies to post fiscal surpluses in 2022, in case oil prices average $105 per barrel this year. It anticipated the windfall from oil receipts to replenish fiscal reserves and to reduce the borrowing needs of governments in the region, at a time when external financing conditions have tightened. In addition, it expected the external balances of GCC economies to improve in 2022, and estimated that the region is likely to accumulate an additional $1 trillion in external assets over the next three years. It anticipated an increase in off-budgetary spending, and higher consumer and business confidence, to support the economic recovery in the region this year. It also considered that the current surge in oil prices provides GCC governments with an opportunity to accelerate efforts to transform and diversify their hydrocarbon-dependent economies.

In parallel, Goldman Sachs considered that GCC countries face four main challenges in the medium term. First, it said that governments in the region need to maintain fiscal discipline in order to maximize the resilience of their economies against any future decline in oil prices, to avoid further inflationary pressures, and to achieve intergenerational equity. It anticipated that the risk of looser fiscal policy are moderately high given the rising cost of living in the region. Second, it pointed out that achieving long-term non-oil growth in the region's economies is contingent on enhancing productivity through labor market reforms and on encouraging increased private sector participation. Third, it noted that GCC governments will need to balance the near-term benefits of higher oil prices against the risks of a global recession and the long-term decline in consumer demand. Finally, it anticipated regional geopolitical risks to remain a challenge for GCC governments, given that the prospects of a revival of the Iran nuclear deal are decreasing.

Source: Goldman Sachs

NIGERIA

Outlook dependent on oil production and reforms

BNP Paribas considered that Nigeria, which is the largest oil producer in Sub-Saharan Africa, is not fully benefiting from the current surge in global oil prices, due mainly to the poor performance of the country's oil sector. It indicated that oil production, excluding condensates, reached only 1.2 million barrels per day (b/d) in May 2022, compared with a quota of 1.76 million b/d set in the OPEC+ agreement. It noted that Nigeria has been unable to meet its targets due to repeated technical and security incidents since early 2020. It expected total oil production, when factoring in an improvement in the conditions of the oil sector in coming months, to reach an average of 1.6 million b/d in 2022 at best, a level similar to 2021 but which is 20% lower than in 2019. Further, it projected real GDP growth at 3.4% in 2022 and 3.2% in 2023, in case oil production does not decline any further. Also, it forecast the inflation rate to average 16.4% annually in the 2022-23 period and considered that the Central bank of Nigeria will need to further hike its policy rate in order to contain inflationary pressures.

In parallel, it anticipated that the authorities' decision to postpone the reforms of the oil subsidy system to mid-2023 will weigh considerably on public finances. It projected the fiscal deficit at 5.5% of GDP in 2022 and 5.4% of GDP in 2023, due to the heavy burden of energy subsidies and the drop in the country's oil production. It expected the cost of subsidies to exceed 20% of public revenues and to be equivalent to nearly 2% of GDP in 2022. Also, it expected the public debt at 31.1% of GDP at the end of 2022 and 31.7% of GDP by the end of 2023, but it did not anticipate risks to debt sustainability, given the favorable structure of the debt stock. Further, it considered that the surge in oil imports is weighing on the recovery of the country's external balance, but projected the current account balance to post surpluses of 0.9% of GDP in 2022 and 1.2% of GDP 2023, and forecast foreign currency reserves at $46bn in the 2022-23 period. Still, it anticipated external liquidity pressures to persist and considered that the authorities' willingness to maintain a stable exchange rate continues to weigh heavily on the availability of foreign currency in the economy.

Source: BNP Paribas

ANGOLA

Sovereign ratings affirmed, outlook revised to 'positive' on improved fiscal prospects

Fitch Ratings affirmed Angola's long-term local and foreign-currency issuer default ratings at 'B-' and revised the outlook on the ratings from 'stable' to 'positive'. It attributed the outlook's revision to the country's improved fiscal prospects as a result of higher global oil prices and expectations of continued expenditure restraint. It also expected the public debt level to decline sharply, due to the significant depreciation of the Angolan kwanza, a substantially higher nominal GDP and the authorities' commitment to fiscal consolidation. In addition, it anticipated that the rise in oil prices will lead to a larger current account surplus and to the accumulation of foreign currency reserves, but noted that pressure on external finances could intensify again in case of a sharp decline in oil prices. Further, it considered that Angola's ratings are supported by improved growth prospects, but noted that they are constrained by structural weaknesses such as the country's poor performance on governance and human development indicators, and the economy's significant dependence on commodities. In parallel, the agency indicated that it would upgrade the ratings in case of a sustained improvement in the country's fiscal and external balances, including the accumulation of liquid fiscal savings and foreign currency reserves, which would support external debt sustainability and reduce external refinancing risks; and/or if Angola's governance indicators significantly improve. It projected Angola's gross international reserves at $18.7bn, or 7.6 months of current external payments by end-2022, which is well above the historical median of 'B'-rated sovereigns of four months of import cover.

Source: Fitch Ratings

PAKISTAN

Economic stability contingent on implementation of structural reforms

The International Monetary Fund indicated that the surge in global commodity prices and the Pakistani authorities' procyclical domestic policies fueled domestic demand, worsened the country's fiscal and external balances, and resulted in elevated inflation rates, a significant depreciation of the exchange rate, and lower foreign currency reserves. It urged authorities to step up efforts to stabilize the economy and to bring policy actions in line with the government's IMF- supported program. As such, it considered that the authorities' immediate priority should be to implement the recently approved budget for the fiscal year that ends in June 2023, which aims to reduce the government's large borrowing needs by targeting a primary surplus of 0.4% of GDP. Also, it anticipated the debt of the power sector to grow significantly and to exceed the targets of the IMF-supported program. It encouraged the authorities' efforts to resume reforms, such as the timely adjustment of power tariffs. In parallel, the IMF indicted that the inflation rate exceeded 20% in June 2022, and expressed the need to adjust monetary policy so that the inflation rate reaches its medium-term target of between 5% and 7% annually. It added that greater exchange rate flexibility will help rebuild foreign currency reserves to more prudent levels. Further, it welcomed the authorities' efforts to accelerate structural reforms in order to improve the performance of state-owned enterprises, as well as to strengthen governance and the efficiency of anti-corruption institutions.

Source: International Monetary Fund

GHANA

Reforms to help restore macroeconomic stability

The International Monetary Fund indicated that Ghana's fiscal and debt metrics are rapidly deteriorating amid an increasingly difficult external environment. Also, it said that investors' concerns have triggered downgrades of the sovereign ratings, as well as non-resident capital outflows, the loss of access to international capital markets, and rising borrowing costs from the ongoing tightening of global monetary policy conditions. It added that the price and supply-chain shocks from Russia's invasion of Ukraine have exacerbated these adverse developments and led to weaker economic activity, a significant depreciation of the exchange rate, a surge in the inflation rate and increased pressure on foreign currency reserves. As such, it considered that the government's homegrown reforms program, which would be supported by financing from the IMF, would provide Ghana with space to implement policies that will restore macroeconomic stability. It added that the authorities' agenda would help support the credibility of government policies, alleviate exchange rate pressures by managing the inflation rate and accumulating foreign currency reserves, and unlock additional sources of funding. Further, it encouraged the authorities to improve Ghana's fiscal position and anchor debt sustainability by raising public revenues, and to protect the most vulnerable segments of the population. It also urged authorities to ensure the credibility of the monetary policy and exchange rate regime, to preserve the stability of the financial sector, and to design reforms in order to promote growth, create jobs, and strengthen governance.

Source: International Monetary Fund

TÜRKIYE

Sovereign ratings downgraded on increasing macroeconomic and external risks

Fitch Ratings downgraded Türkiye's long-term local and foreign-currency issuer default ratings (IDRs) from 'B+' to 'B', and maintained the 'negative' outlook on the ratings. Also, it affirmed the country's short-term local and foreign currency IDRs at 'B' and downgraded the Country Ceiling from 'B+' to 'B'. It attributed the downgrades to increasing macroeconomic and external risks, higher financing needs, elevated inflation rates, limited capital inflows, and the high dollarization rate of deposits. Also, it noted that access to external financing remains vulnerable to changes in investor sentiment amid tighter global financing conditions. It considered that official foreign currency reserves will come under pressure, in case of weaker depositor confidence or a deterioration in the access of banks and corporates to external financing, and anticipated the reserves to decline to $94bn by end-2022 and $88bn at the end of 2023. Further, it pointed out that elevated energy prices and weaker external demand will result in a current account deficit of 5.1% of GDP in 2022 despite a recovery in tourism. In parallel, the agency said that it could downgrade the ratings in case inflation increases further as a result of the currency's depreciation, if depositor confidence weakens, if reduced access to external financing for the sovereign or to the private sector leads to pressures on the balance of payments, and/or if a serious deterioration in domestic political or security conditions severely affects the economy and external finances.

Source: Fitch Ratings

BANKING

AFRICA

Crypto-assets pose destabilizing risks for banks

The International Monetary Fund (IMF) indicated that the use of crypto-assets as an official currency with a legal tender status poses major risks to macro-financial stability, financial integrity and consumer protection across the economies of the Central African Economic and Monetary Community (CEMAC). It noted that allowing tax payments to be made in crypto-currencies, for example, could negatively affect the accumulation of pooled foreign-currency reserves in the region and would create a parallel mechanism of capital flows that cannot be traced and that the Bank of Central African States does not control. It pointed out that the use of crypto-assets, such as bitcoin, reduces the transparency and traceability of transactions and would limit the availability and reliability of balance of payments figures, as well as of monetary, fiscal, financial and inflation data. It added that the deterioration in the quality of statistical information and data gaps would impede risk assessments and disrupt economic analysis. In parallel, it indicated that the growing usage of crypto-assets could pose significant risks to a country's financial system, as the exposure of banks and financial institutions to such assets affects their prudential ratios. It considered that crypto-assets could increase the banks' credit risks, as well as their solvency, liquidity, and their market and operational risks, in case banks hold crypto-assets or accept them as collateral, which may affect the banks' balance sheets and crowd out lending activity. Further, the IMF stressed the importance of reviewing the existing legal and institutional framework and conducting a risk assessment among countries in the CEMAC and other counterparts in order to mitigate the risks related to crypto-assets.

Source: International Monetary Fund

TUNISIA

Global and domestic conditions affecting banking system

S&P Global Ratings expected Tunisian banks to be the most affected through indirect channels to changing global liquidity conditions among emerging market banking systems. It said that the indirect contagion channels cover banking systems that are exposed to other economic agents with significant external debt, such as the sovereign or the corporate sector. It expected the indirect impact to come from lower rollover rates for corporate debt in foreign currency or from difficulties in refinancing debt for sovereigns, which would force them to increase their borrowing from local banking systems or to depreciate their currencies. It noted that Tunisian banks are not dependent on external funding and that most of their external liabilities, estimated at 11.8% of total assets at end-November 2021, are from multilateral institutions or from entities with economic interests in Tunisia. As such, it did not anticipate significant outflows of foreign currency liabilities, and considered that the confidence of resident depositors in the banking system is still broadly intact. However, it said that the Tunisian sovereign is highly vulnerable to the refinancing of its external debt, and that the government's external financing needs are rising. It also considered that the sovereign could come under severe strain in the absence of a smooth political transition and multilateral financial support, which could have negative ramifications for the economy and the banking system.

Source: S&P Global Ratings

JORDAN

IMF urges banks to monitor asset quality

The International Monetary Fund (IMF) indicated that the banking sector in Jordan is well capitalized, profitable and liquid. It noted that the Central Bank of Jordan managed to implement effective measures and a supervisory framework, which helped maintain the soundness and resilience of the financial sector. It said that the sector's capital adequacy ratio reached 18% at the end of 2021, nearly unchanged from end-2020, which his well above the minimum regulatory requirement of 12%. Also, it indicated that the banks' profits have returned to pre-pandemic levels in 2021, as the banks booked most of their provisions in 2020. Further, it noted that the sector's non-performing loans (NPLs) ratio slightly regressed from 5.5% at end-2020 to 5% at end-2021, driven by the write-off of loans at several banks. It added that the NPLs' coverage ratio increased from 71.5% at end-2020 to 79% at end-2021. In addition, the IMF urged the authorities to closely monitor the banks' asset quality until they fully absorb the impact of the COVID-19 pandemic on the capacity of borrowers to repay their loans. It stressed the need for banks to address NPLs and to prepare timely and feasible capital restoration plans to mitigate for any potential downside risks to the banks' profiles. Also, it said that the banks' liquidity conditions are comfortable and pointed out that the sector's liquidity ratio increased from 136.5% in 2020 to 141.5% in 2021. In parallel, it considered that an increase in global risk premia and the acceleration of capital outflows, could negatively affect the banks' balance sheets.

Source: International Monetary Fund

BAHRAIN

Agency affirms ratings on six banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of Gulf International Bank (GIB) and Gulf International Bank UK (GIBUK) at 'BBB+', the ratings of Ahli United Bank (AUB) and Arab Banking Corporation (ABC) at 'BB+', and the IDRs of the Bank of Bahrain & Kuwait (BBK) and the National Bank of Bahrain (NBB) at 'B+'. It maintained the 'positive' outlook on the IDRs of GIB and GIBUK, and the 'stable' outlook on the ratings of AUB, ABC, BBK, and NBB. Also, it affirmed the Viability Ratings (VRs) of GIB and ABC at 'bb+', the VR of AUB at 'bb', and the ratings of BBK and NBB at 'b+'. It indicated that the ratings of the six banks reflect their comfortable liquidity buffers. Also, it noted that the ratings of GIB, ABC, BBK and NBB are supported by the banks' stable funding profiles. Further, it said that the rating of GIBUK benefits from a strong management and low risk appetite, while the VRs of the other banks take into account their adequate asset quality. It added that the VRs of GIB, GIBUK, AUB, and ABC are underpinned by their sound capitalization, while the ratings of BBK and NBB reflect their moderate capital buffers. It noted that the VRs of GIB and ABC balance the banks' adequate regional franchises against their weak profitability. In addition, it indicated that the IDRs of BBK and NBK benefit from the Bahraini authorities' high propensity to support domestic banks, despite the limited financial flexibility of the government. It added that the IDRs of the other banks benefit from support from Saudi Arabia and Kuwait, in case of need, given the large ownership of Saudi and Kuwaiti state institutions in these banks.

Source: Fitch Ratings

Oil prices at $112.6 p/b in third quarter of 2022

ICE Brent crude oil front-month prices have been volatile in July 2022, trading at between $99.1 per barrel (p/b) and $113.5 p/b, due to several factors that are affecting investors' outlook for the global oil market, such as high demand for oil during the summer season and accelerating inflation rates globally. Further, oil prices reached $107 p/b on July 20, 2022, representing an increase of 8% from $99.1 p/b on July 14, 2022, mainly supported by global tight supply and a weaker dollar. However, fears of a global economic slowdown that could affect the demand for oil, as well as further tightening of monetary policy worldwide, are weighing on oil prices. In parallel, the International Energy Agency revised its forecast for global oil demand from 100.9 million barrels per day (b/d) in 2022 to 99.2 million b/d this year, due to elevated oil prices, a deteriorating macroeconomic outlook and fears of recession that are weighing on market sentiment. It said that high oil prices have led to a decrease in oil consumption in the OECD countries, while demand for oil increased in emerging and developing economies, mainly from China as it starts to recover from COVID-19 lockdowns. Also, it projected global oil supply to reach 101.3 million b/d by the end of 2022, driven by the increase in oil production worldwide. In addition, Refinitiv projected oil prices, through its latest crude oil price poll of 34 industry analysts, to average $112.6 p/b in the third quarter and $105.4 p/b in the fourth quarter of 2022.

Source: International Energy Agency, Refinitiv, Byblos Research

Saudi Arabia's oil exports receipts up 123% in April 2022

Total oil exports from Saudi Arabia amounted to 8.9 million barrels per day (b/d) in April 2022, representing increases of 1.5% from 8.7 million b/d in March 2022 and of 33.7% from 6.6 million b/d in April 2021. Further, oil export receipts reached $29.3bn in April 2022, down by 3% from $30.1bn in March 2022 and up by 123% from $13.1bn in March 2021.

Source: JODI, General Authority for Statistics, Byblos Research

OPEC oil output up 1% in June 2022

The members of the Organization of Petroleum Exporting Countries (OPEC), based on secondary sources, produced 28.72 million barrels of oil per day (b/d) on average in June 2022, constituting an increase of 0.8% from 28.48 million b/d in May 2022. Saudi Arabia produced 10.6 million b/d, or 37% of OPEC's total output, followed by Iraq with 4.4 million b/d (15.4%), the UAE with 3.1 million b/d (10.7%), Kuwait with 2.7 million b/d (9.5%), and Iran with 2.6 million b/d (9%).

Source: OPEC

Global hydroelectricity consumption down 1% in 2021

BP estimated global hydroelectricity consumption at 40.26 exajoules (EJ) in 2021, constituting a decrease of 1.2% from 41.1 EJ in 2020. Hydroelectricity consumption in the Asia-Pacific region reached 17.44 EJ, or 43.3% of global demand for hydroelectricity last year, followed by demand in North America with 6.34 EJ (15.7%), South & Central America with 6.22 EJ (15.5%), Europe with 6.12 EJ (15.2%), the Commonwealth of Independent States with 2.51 EJ (6.2%), Africa with 1.45 EJ (3.6%), and the Middle East with 0.18 EJ (0.4%).

Source: BP, Byblos Research

Base Metals: Nickel prices to average $29,072 per ton in third quarter of 2022

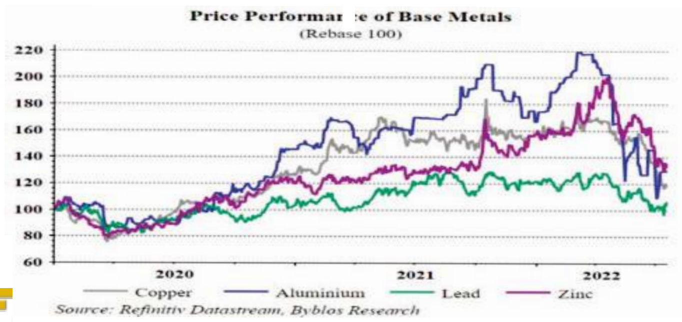
The LME cash prices of nickel averaged $27,952 per ton in the year-to-July 20, 2022 period, constituting a surge of 59.2% from an average of $17,552.8 a ton in the same period of 2021, driven by concerns about tight global supply conditions and low inventory stockpiles. Further, prices reached an all-time high of $48,241 per ton on March 10, 2022 due to Russia's invasion of Ukraine, and then declined to $21,129.3 per ton on July 20, 2022 due to lockdowns in China, which weighed on demand for the metal and on its price. In parallel, Citi Research projected the total refined supply of nickel at 3.2 million tons in 2022 relative to 2.72 million tons in 2021. Also, it forecast global demand for the metal at 3.18 million tons in 2022 compared to 2.9 million tons in 2021. Further, it indicated that the ongoing lockdowns in China, anticipations of an economic recession in Europe in late 2022 and in 2023, and weaker-than-expected demand from producers of stainless steel and from the electric vehicles sector, would pose downside risks to the metal's price. Also, it forecast nickel prices to average $29,072 per ton in the third quarter and $22,698 a ton in the fourth quarter of 2022.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Silver prices projected to average $22.6 per ounce in third quarter of 2022

Silver prices averaged $22.9 per troy ounce in the year-to-July 20 period, constituting a decrease of 13.2% from an average of $26.4 an ounce in the same period last year. The decline in prices was mainly driven by the slowdown in demand for the metal, higher U.S. Treasury yields, a stronger US dollar, and monetary tightening in advanced economies. In parallel, Citi Research projected the global supply of silver at 1,052 million ounces in 2022 relative to 1,014 million ounces last year, with mine output representing 81.5% of the total. Further, it forecast demand for the metal at 1,051 million ounces in 2022 compared to 1,036 million ounces in 2021. Also, it anticipated the growth in demand for silver to offset the rise in supply, and forecast a moderate increase in investments in net physical silver and in demand for the metal from the industrial sector. In addition, it expected the price of the metal to average between $18 per ounce and $19 an ounce in the second half of this year, in case of further monetary tightening by the U.S. Federal Reserve, a stronger dollar, and a decline in investments in silver-backed exchange traded funds. However, it expected silver prices to decrease to between $15 per ounce and 16$ an ounce, in case of a substancial decline in the demand for the metal from China and India. Moreover, it forecast silver prices to average to $22.6 per ounce in the second quarter and $19 an ounce in the fourth quarter of 2022.

Source: Citi Research, 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-	B3	B-	-								
	Stable	Stable	Positive	-	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+								
	Stable	Negative	Stable	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC	Caa1	CCC									
	Negative	RfD**	-	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B-	Caa1	B-	-								
	Stable	Stable	Negative	-	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-								
	-	Positive	Stable	-	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	Caa1	-	-								
Congo	Stable	Stable	-	-	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB-	Ba1	BB+	-								
	Negative	Stable	Stable	-	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	B2	B	-								
	Stable	Stable	Stable	-	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Tunisia	-	Caa1	CCC	-								
	-	Negative	-	-	-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+	B2	B+	-								
	Negative	Negative	Stable	-	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+	B2	B+	B+								
	Stable	Negative	Stable	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-	Caa1	B-	-								
	Stable	Stable	Stable	-	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+								
	Stable	Stable	Negative	Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA-	A+								
	Stable	Stable	Stable	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-	Ba3	BB-	BB								
	Stable	Negative	Stable	Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA-	Aa3	AA-	AA-								
	Stable	Stable	Stable	Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A-	A1	A	A+								
	Positive	Stable	Positive	Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	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+	Ba3	B+	B+								
	Stable	Negative	Stable	Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-								
	Stable	Stable	Stable	-	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-								
	Stable	Negative	Negative	-	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-								
	Stable	Positive	Stable	-	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B-	B3	B-	-								
	Stable	Negative	Stable	-	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Stable	Stable	Stable	-	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-								
	Negative	Negative	Negative	-	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C	Ca	C	-								
	CWN***	Negative	-	-	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+	B2	B	B+								
	Negative	Negative	Negative	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B-	B3	CCC	-								
	CWN	RfD	-	-	-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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	1.75	15-Jun-22	Raised 75bps	27-Jul-22
Eurozone	Refi Rate	0.50	21-Jul-22	Raised 50bps	08-Sep-22
UK	Bank Rate	1.25	16-Jun-22	Raised 25bps	N/A
Japan	O/N Call Rate	-0.10	21-Jul-22	No change	22-Sep-22
Australia	Cash Rate	1.35	05-Jul-22	Raised 50bps	02-Aug-22
New Zealand	Cash Rate	2.50	13-Jul-22	Raised 50bps	05-Oct-22
Switzerland	SNB Policy Rate	-0.25	16-Jun-22	Cut 50bps	22-Sep-22
Canada	Overnight rate	2.50	13-Jul-22	Raised 100bps	07-Sep-22
Emerging Markets China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
China	One-year Loan Prime Rate	3.70	20-Jul-22	No change	22-Aug-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	2.25	14-Jul-22	Raised 50bps	25-Aug-22
Malaysia	O/N Policy Rate	2.25	06-Jul-22	Raised 25bps	08-Sep-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	23-Jun-22	No change	18-Aug-22
Jordan	CBJ Main Rate	3.75	16-Jun-22	Raised 50bps	N/A
Turkey	Repo Rate	14.00	21-Jul-22	No change	18-Aug-22
South Africa	Repo Rate	4.75	19-May-22	Raised 50bps	22-Sep-22
Kenya	Central Bank Rate	7.50	30-May-22	Raised 50bps	27-Jul-22
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	7.75	23-Jun-22	Raised 75bps	11-Aug-22
Brazil	Selic Rate	13.25	15-Jun-22	Raised 50bps	03-Aug-22
Armenia	Refi Rate	9.25	14-Jun-22	No change	02-Aug-22
Romania	Policy Rate	4.75	06-Jul-22	Raised 100bps	05-Aug-22
Bulgaria	Base Interest	0.00	27-Jun-22	No change	27-Jul-22
Kazakhstan	Repo Rate	14.00	06-Jun-22	No change	25-Jul-22
Ukraine	Discount Rate	25.00	21-Jul-22	No change	08-Sep-22
Russia	Refi Rate	9.50	10-Jun-22	Cut 150bps	22-Jul-22

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