700 ISSUES+

Issue 728 | August 25, 2022

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Financial wealth to rise by 29% to $355tn in 2021-26 period

The Boston Consulting Group indicated that global financial wealth stood at $274.4 trillion (tn) at the end of 2021, compared to $188.6tn at end-2016. It expected global financial wealth to reach $355tn at end-2026, constituting an nominal increase of 29% from end-2021. It noted that financial wealth in North America totaled $126.6tn and accounted for 46% of global financial wealth at the end of 2021, followed by Western Europe with $53.3tn (19.4%), Asia excluding Japan with $52.3tn (19%), Japan with $18.1tn (6.6%), Latin America with $6.2tn (2.3%), Oceania with $6tn (2.2%), the Middle East with $5tn (1.8%), Eastern Europe with $4.8tn (1.7%), and Africa with $2.1tn (0.8%). It pointed out that global financial wealth and real assets grew by $26.2tn in absolute value in 2021. It noted that financial wealth and real assets in North America increased by $15tn last year, followed by Asia ex-Japan (+$5.1tn), Western Europe (+$3.1tn), Japan (+$0.9tn), Latin America (+$0.6tn), Oceania (+0.5tn), Eastern Europe & Central Asia and the Middle East (+$0.4tn each), and Africa (+$0.2tn). In parallel, it projected financial wealth in North America at $159.4tn at the end of 2026, which would account for 45% of global financial wealth, followed by Asia ex-Japan with $79.2tn (22.3%), Western Europe with $644tn (18%), Japan with $19.6tn (5.5%), Latin America with $8.7tn (2.5%), Oceania with $7.9tn (2.2%), Eastern Europe with $6.6tn (1.9%), the Middle East with $6.5tn (1.8%), and Africa with $2.8tn (0.8%).

Source: Boston Consulting Group

UAE

Venture capital funding down 8% to $699m in first half of 2022

Figures released by online platform Magnitt show that venture capital (VC) funding in the UAE reached $699m in the first half of 2022, constituting a decrease of 8.3% from $762m in the first half of 2021 and compared to $716m in the second half of last year. VC investments amounted to $317m in the first quarter and $382m in the second quarter of 2022. Further, there were 85 VC deals in the first half of 2022, representing an increase of 10.4% from 77 investments in the same period last year and a decrease by 7.6% from 92 transactions in the second half of 2021. The number of VC deals stood at 48 in the first quarter and 37 transactions in the second quarter of this year. In parallel, VC investments in fintech firms amounted to $234m and accounted for 33.5% of aggregate VC funding in the UAE in the first half of 2022, followed by investments in the agriculture sector with $181m (26% of the total), fashion & lifestyle companies and the healthcare sector with $50m each (7.2% each), and transport & logistics firms with $40m (5.7%). Also, there were 28 investments in the fintech sector, or 33% of the aggregate number of deals in the first half of 2022, followed by e-commerce firms with nine transactions (10.6% of the total), transport & logistics companies with eight investments (9.4%), and firms in education technology and the healthcare sector with five deals each (5.9% each). In addition, there were 10 exits from VC investments in the first half of 2022 compared to 11 exits in full year 2021.

Source: Magnitt, Byblos Research

MENA

IPOs at $13.5bn in first half of 2022

Figures released by EY indicate that capital raised through initial public offerings (IPOs) in the Middle East & North Africa (MENA) region totaled $13.5bn in the first half of 2022, constituting a surge of 3,072% from $426m in the same period of 2021. There were 24 IPOs in the region in the first half of this year, up from four IPOs in the same period of 2021. IPOs in the MENA region totaled $3.96bn in the first quarter and $9.2bn in the second quarter of 2022, while 15 listings took place in the first quarter and nine firms floated their shares during the second quarter of the year. Capital raised through IPOs in the MENA region accounted for 14.2% of the total capital raised through IPOs worldwide, while the number of IPO deals in the region represented 3.8% of the number of global listings in the first half of this year. In parallel, the utilities sector attracted $6.1bn in capital, and accounted for 45% of capital raised through IPOs in the MENA region in the first half of 2022, followed by the chemicals industry with $2bn (14.8%), consumer staples companies with $1.9bn (14%), real estate firms with $871m (6.4%), the technology sector with $819.2m (6%), and the materials sector with $471.2m (3.5%), while other sectors raised the remaining 10%. In addition, companies in the UAE attracted $8.6bn in capital in the covered period, followed by Saudi firms with $4.4bn, Egyptian companies with $82.7m, and Omani firms with $11.4m.

Source: EY, Byblos Research

Cost of living varies among Arab countries

The Mid-2022 Cost of Living survey, produced by crowd-sourced global database Numbeo, ranked Lebanon in 18th place among 137 countries worldwide and in first place among 16 Arab countries on its Cost of Living index for Mid-2022. Qatar followed in 30th place, then the UAE (35th), Bahrain (40th) and Saudi Arabia (44th) as the five Arab countries with the highest cost of living. Also, the index ranked Egypt (126th), Syria (129th), Tunisia (130th), Algeria (133rd), and Libya (134th) as the five Arab economies with the lowest cost of living. The index covers the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimate of apartment rents compared to New York City rents. It relies on residents' inputs and uses data from official sources to compute the indices. Further, the Rent Index shows that the Qatar has the highest residential rents regionally, while rents in Algeria are the lowest. Also, the Groceries Index indicates that grocery prices in Lebanon are the highest in the Arab world, while such prices are the lowest in Syria. In addition, the Restaurant Index shows that Qatar has the highest prices of meals and drinks at restaurants and pubs, while Algeria has the lowest such prices regionally. Moreover, the Local Purchasing Power Index indicates that the purchasing power of consumers in the UAE is the highest among Arab countries, while the purchasing power in Syria is the lowest.

Source: Numbeo, Byblos Research

OUTLOOK

SAUDI ARABIA

Positive economic outlook driven by structural reforms, record fiscal and external surpluses

The International Monetary Fund projected real GDP growth in Saudi Arabia at 3.2% in 2021 to 7.6% in 2022, supported by the easing of oil production cuts under the OPEC+ agreement and a rebound in non-oil sector activity, despite the authorities' fiscal consolidation measures and the tightening of monetary policy worldwide. It forecast real GDP growth at 3.7% in 2023, and expected economic activity to remain robust and to expand by 3% annually in the medium term, as a result of the continued implementation of the reform agenda and the National Investment Strategy.

In addition, it projected fiscal surpluses of 5.5% of GDP in 2022 and 4.9% of GDP in 2023, the first surpluses since 2013, due to higher oil prices and production, increased value-added tax receipts, the authorities' sustained capital expenditures restraint, and reduced current spending. But it stressed on the need to continue the fiscal reforms outlined in the Kingdom's Vision 2030 plan. Also, it anticipated the public debt level at 24.3% of GDP at the end of 2022 and at 24.5% of GDP at end-2023, and expected the nominal size of the debt to remain constant in the medium term as authorities plan to refinance existing debt instead of using oil revenue windfalls to repay the public debt. Further, it projected the current account surplus at 17.2% of GDP this year, its highest level since 2012, and expected the surplus to average 12.3% of GDP annually in the medium term. Also, it forecast the Kingdom's net foreign assets at $535.5bn at the end of 2022 and at $610.3bn at end-2023, and for foreign currency reserves to stabilize at about 27 months of imports in the medium term.

In parallel, the IMF considered that risks to the Kingdom's outlook are balanced. It said that upside risks include the successful implementation of the National Investment Strategy and labor market reforms, as well as further increases in oil production. It noted that key downside risks could arise from pressures to spend oil windfalls and deviate from the reforms agenda, inflationary pressures, another COVID wave, lower global oil prices, and an abrupt slowdown in Chinese economic activity.
Source: International Monetary Fund

TÜRKIYE

Near-term external financing outlook facing challenges

The Institute of International Finance (IIF) did not expect Türkiye's low sub-investment grade sovereign ratings to have a significant negative impact on non-resident portfolio inflows, as it considered that investors who are sensitive to sovereign ratings sold off their holdings of Turkish assets in 2017 when the country lost its investment-grade rating. Also, it noted that non-resident investors switched from net sales of Turkish lira-denominated assets to net purchases of such assets in early August 2022. Further, it pointed out that the Central Bank of the Republic of Türkiye's unexpected recent policy rate cut of 100 basis points has prompted the market to price a much steeper depreciation of the lira in the next 12 months. But it expected the resumption of non-resident net capital inflows to lead to a substantial correction in the forward pricing of the exchange rate of the lira. It added that non-resident investors currently hold $18bn in lira-denominated securities and $69bn in Turkish Eurobonds. As such, it anticipated that a deterioration in market sentiment for emerging market (EM) assets could trigger substantial outflows of non-resident capital from Türkiye, and for the lira to remain vulnerable to shifts in market sentiment for EM assets and to geopolitical risks.

In parallel, the IIF considered that Türkiye will need to either attract more non-resident deposits or repatriate resident capital from abroad to finance its large current account deficit without draining its foreign currency reserves, in case authorities do not improve external debt rollover ratios in the remainder of 2022 and in early 2023. Also, it anticipated that Türkiye's near-term external financing outlook to be quite challenging, especially for the Turkish private sector, given that $22bn in external debt is due between September and December 2022. However, it expected that lower global oil and other energy prices as a result of a slowdown in the demand for energy worldwide should help reduce Türkiye's energy import bill, and ease the concerns of investors about Türkiye's external financing needs.
Source: Institute of International Finance

GHANA

Outlook contingent on reaching deal with IMF

Goldman Sachs anticipated that Ghana will need six to nine months from the start of negotiations with the International Monetary Fund (IMF) to reach a deal on a funded program, as it considered that authorities are not showing a sense of urgency to conclude an agreement with the IMF. It expected the government to rely on foreign currency reserves to meet its external financing needs in the near term given the lack of international market access, and on the Bank of Ghana (BoG) to meet domestic fiscal financing needs, in case domestic market participants are unwilling to finance the deficit. It also forecast foreign currency reserves to decrease to less than $6bn by the end of 2022, but anticipated that a $750m loan and $1.3bn in proceeds from cocoa bonds will slow down the decline in reserves in the second half of the year. It said that protracted negotiations with the IMF would imply a further decline in foreign currency reserves and the deterioration of the balance of payments, which would worsen debt metrics and increase external financing needs in the medium term.

In parallel, it noted that local market participants are expecting that authorities will reprofile the domestic debt, or restructure the domestic and external debt, given that the majority of debt servicing costs consists of interest on the domestic debt. It said that the authorities are reluctant to restructure the external debt since their principal goal is to regain international market access, which could be hindered or delayed by defaulting on their external sovereign obligations. But it considered that the current pricing of Eurobonds provides an opportunity for the government to restructure these obligations.

Further, it considered that Ghana's macroeconomic outlook is highly dependent on the authorities' momentum to reach an agreement with the IMF, which would contain pressures on foreign currency reserves and on the balance of payments, and restore credibility to fiscal policy. It cautioned that protracted negotiations would further weigh on foreign currency reserves and on the cedi, and exacerbate short-term financing risks.
Source: Goldman Sachs

ECONOMY & TRADE

IRAQ

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Iraq's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B-', respectively, with a 'stable' outlook on the long-term ratings. It pointed out that the ratings, which are six notches below investment grade, are supported by Iraq's significant foreign currency revenues from elevated oil export receipts that strengthen the Central Bank of Iraq's foreign currency reserves, as well as by the moderate public and external debt levels. But it noted that the ratings are constrained by weak institutions, the inability to form a new government, domestic political tensions, elevated security risks, limited monetary policy flexibility, and the government's volatile fiscal position. It projected the fiscal surplus at 9% of GDP in 2022 and 1.2% of GDP in 2023, as it considered that non-oil revenues are insufficient to support the government's fiscal position, given the weak administration of tax collection and customs. In parallel, it noted that the 'stable' outlook reflects the sovereign's ability to meet its external debt obligations in the next 12 months due to its high level of foreign currency reserves. It forecast the country's gross external financing needs at 44.5% of current account receipts and usable reserves in 2022, as well as at 45.3% of such receipts and reserves in 2023, 47.5% in 2024, and 48.7% in 2025. Moreover, S&P said that it could upgrade the ratings if the government's fiscal and external positions improve, if economic growth and GDP per capita increase, and/or if the authorities implement institutional reforms. In contrast, it noted that it could downgrade the ratings if the government's fiscal and external positions deteriorate, and if weaknesses in Iraq's institutional framework reduce the government's ability or willingness to service its debt.

Source: S&P Global Ratings

NIGERIA

Sovereign ratings affirmed with 'stable' outlook

S&P Global Ratings affirmed Nigeria's long- and short-term foreign and local currency sovereign credit ratings at 'B-/B', with a 'stable' outlook on the long-term ratings. It attributed the ratings' affirmation to expectations of high global oil prices in the 2022-23 period and a rebound in activity across most non-oil sectors, which will partially mitigate balance of payments and fiscal risks. Still, it considered that the economy's heavy reliance on oil export receipts makes it susceptible to the volatility in oil prices and production. It anticipated that elevated debt servicing costs, petroleum subsidies, and lower oil production volumes will weigh on Nigeria's fiscal balance in the short to medium terms. In parallel, the agency noted that the 'stable' outlook balances increasing pressures from low oil production and delays to subsidy reforms in the next 12 months, with Nigeria's comparatively deep domestic financial markets, its adequate level of foreign currency reserves, and the limited external commercial debt repayments through 2025. It forecast the country's gross external financing needs at 81.3% of current account receipts and usable reserves in 2022, as well as at 89% of such receipts and reserves in 2023, 101.2% in 2024, and 101% in 2025. It said that it could downgrade the ratings in case of weaker-than-expected fiscal performance, and/or if the government's deficit financing strategy comes under strain as a result of tighter global funding conditions, or if domestic banks and pension funds become less willing to absorb additional local currency debt.

Source: S&P Global Ratings

EGYPT

IMF likely to require strict conditions to new program

Bank of America indicated that the recently released Ex-Post Evaluation of Egypt's Exceptional Access under the country's 2020 Stand-By Arrangement with the International Monetary Fund (IMF) highlights the relatively strict conditions that the country is facing. It considered that the IMF's significant exposure to the Egyptian sovereign and the latter's macro imbalances raise the likelihood that the IMF will require a relatively ambitious program, including "decisive progress on deeper fiscal and structural reforms" and a more flexible exchange rate. Further, it did not consider that authorities will have to restructure the public debt if financing from other sources than the IMF and the authorities' policies can "improve debt sustainability and sufficiently enhance the safeguards for Fund resources". Still, it expected that the devaluation of the Egyptian pound and the potential flexibility of the exchange rate in the future, as well as the IMF-supported program, are the best options available to Egypt, given the country's limited market access, pressing funding needs, and the ongoing decline in foreign currency reserves. In parallel, it did not expect that a devaluation of the pound will correct the country's wide external funding gap in the short term. Also, it anticipated that Egypt will not be able to meet the gap through significant market borrowing or portfolio flows in the near term.

Source: Bank of America

IRAN

Stalemate on nuclear deal may benefit both sides

Goldman Sachs did not expect Iran to reach a deal with the United States in the near term to revive the Joint Comprehensive Plan of Action (JCPOA), and considered that a stalemate would be beneficial to both parties. First, it noted that the Iranian authorities are willing to prolong the ongoing negotiations in order to delay more disruptive counter-measures by the U.S. and its allies. According to Goldman Sachs, Iran has little incentive to return to a deal given that it is exporting one million barrels of oil per day (p/d) at higher prices. Second, it said that the U.S. has an incentive to lengthen the negotiations period given that the stricter enforcement of sanctions would exacerbate the global oil shortages, while a return to the JCPOA may be politically challenging for the U.S. administration. In addition, it expected that Russia's interest in high global commodity prices makes Moscow's obstruction of a deal more likely. Still, it expected that Iran will increase its oil output from about 2.7 million b/d currently to 3.7 million b/d, in case the two sides reach a deal, compared to a pre-pandemic level of 3.9 million b/d. It anticipated that this ramp-up in production would be front-loaded and will take up to 12 months. It also considered that an eventual deal will be implemented in phases, with additional Iranian oil exports to start in the first quarter of 2023. In this case, it estimated that about 500,000 b/d in additional Iranian oil supply next year would reduce global oil price projections from $125 per barrel (p/b) to about $110 p/b in 2023. However, it expected that oil prices will decline to between $115 p/b and $120 p/b, as it anticipated higher shale output from the U.S. and the easing of oil production cuts under the OPEC+ agreement will mitigate supply-side shortages in the oil market.

Source: Goldman Sachs

WORLD

Regulatory fines and fraud dominate bank governance shortcomings

Fitch Ratings identified more than 600 reports on banks globally with meaningful cases of governance failure between 2020 and June 2022, out of more than 1,500 reports on banks that were subject to financial crime, governance and regulatory issues, or institutional scandals. First, it indicated that nearly 300 reports fell in the "regulatory fines" category. It noted that the majority of the fines were minor and consist of small fines for gaps in financial reporting or inappropriate charges to clients. However, it said that some fines were linked to significant regulatory violations, such as major deficiencies in risk management or anti-money-laundering policies. Second, it pointed out that "fraud" was the next largest category with about 90 reports, which included cases of tax evasion, bribery and theft. Third, it identified nearly 70 reports on "allegations against employees or managers", which linked individuals to governance failure. Fourth, it indicated that about 70 reports covered "money laundering", despite the increasing regulatory focus on money laundering in recent years. Fifth, it said that nearly 65 reports in the "weak controls" category are related to information on banks that failed to spot fraud or other violations by junior employees in branch offices or on trading desks. Sixth, it noted that approximately 20 reports in the "reputational issues" category covered a wide range of violations, such as breaches of COVID-19 rules and the misbehavior by managers and employees, including reports of discrimination and harassment. In parallel, it pointed out that it could take negative rating actions on banks if governance failure results in significant reputational damage to the bank.

Source: Fitch Ratings

GCC

Banks' profits up 32% to $22bn in first half of 2022

Figures released by financial services firm KAMCO indicate that listed banks in the six Gulf Cooperation Council (GCC) countries posted aggregate net profits of $22bn in the first half of 2022, constituting increases of 31.7% from $16.7bn in the same period of 2021 and of 20.2% from $18.3bn in the second half of 2021. The banks' net earnings totaled $10.9bn in the first quarter and $11.1bn in the second quarter of the year. It attributed the rise in income in the first half of 2022 mainly to a decline of $2.2bn, or of 28.2%, in loan-loss provisions from the same period of 2021, with provisions totaling $2.7bn at end-June 2022. It added that the aggregate revenues of banks reached $48.6bn in the first half of 2022, representing a rise of 13.8% from $42.7bn in the same period last year due to higher interest rates across the GCC countries after their central banks increased policy rates following the rate hikes by the U.S. Federal Reserve. Further, it indicated that the aggregate assets of GCC banks stood at $2.8 trillion (tn) at the end of June 2022, as they increased by 4.7% from the end of 2021 and by 8.3% from a year earlier. In addition, it said that the banks' aggregate net loans reached $1.7tn at the end of June 2022 and expanded by 7.4% from a year earlier, while customer deposits amounted to $2.2tn and grew by 9.4% from the end of June 2021. As such, it pointed out that the aggregate loans-to-deposits ratio of GCC listed banks was 79% at the end of June 2022 compared to 80.5% a year earlier, driven by higher deposits.

Source: KAMCO

JORDAN

Construction and general trade account for 41% of lending at end-June 2022

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks in Jordan totaled JD31.8bn, or $44.9bn at the end of June 2022, constituting increases of 6% from JD30.03bn ($42.4bn) at end-2021 and of 7% from JD29.8bn ($42bn) at the end of June 2021. Loans in foreign currency represented 13.3% of the total at the end of June 2022 relative to 11.9% a year earlier. The resident private sector accounted for 88.9% of total credit at the end of June 2022 relative to 88.8% at the end of June 2021, followed by the central government with 6.3%, unchanged from a year earlier; public entities with 2.5%; the non-resident private sector with 2%; and financial institutions with 0.3%. Also, the distribution of credit by main sectors shows that construction represented JD8.3bn or 26% of the total at the end of June 2022, nearly unchanged from a year earlier, while public services & utilities and general trade accounted for JD4.8bn each, or 15% each of aggregate credit facilities. Industry followed with JD3.8bn or 12% of the total; then financial services with JD788m (2.5%); tourism, hotels & restaurants with JD674.8m (2.1%); agriculture with JD457.6m (1.4%); transportation with JD361m (1.1%), and mining with JD187m (0.6%). In parallel, loans & advances reached nearly JD20bn at the end of June 2022, followed by receivables of Islamic banks with JD8.45bn, overdrafts with JD2.9bn, credit cards with JD245.2m, and discounted bills with JD240.2m.

Source: Central Bank of Jordan

KUWAIT

Low risks to banking system funding

S&P Global Ratings maintained Kuwait's banking sector in 'Group 4' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '5' and an industry risk score of '4'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the banking sector, with 'Group 10' including the riskiest sectors. Other countries in BICRA's 'Group 4' are Malaysia, New Zealand, Saudi Arabia, and Taiwan. S&P indicated that the economic risk score of the Kuwaiti banking sector reflects "intermediate risks" in economic imbalances and in credit risks in the economy, as well as "high risks" in economic resilience. It noted that the banking sector in Kuwait balances the improvement in the operating environment due to elevated oil prices, with the high concentration of loans in the commercial real estate sector that remains under pressure as a result of subdued demand for office rent. It projected lending to grow by 5% in 2022, due mainly to an increase in personal loans and a pickup in trade financing. Also, it forecast the banks' non-performing loans at 1.4% in 2023 amid a more supportive economic environment. In parallel, S&P pointed out that the industry score reflects the country's "low risks" in its system-wide funding, "intermediate risks" in its competitive dynamics, and "high risks" in its institutional framework. It indicated that the banking sector has an improved institutional framework and favorable funding conditions, in addition to good oversight by the Central Bank of Kuwait. It noted that the trend for the economic and industry risks is 'stable'.

Source: S&P Global Ratings

Oil prices at $110 p/b in third quarter of 2022

ICE Brent crude oil front-month prices reached $101.2 per barrel (p/b) on August 24, 2022, constituting an increase of 8.1% from $93.7 p/b a week earlier, as Saudi Arabia suggested this week that OPEC+ members could consider cutting their output in response to lower prices in crude futures contracts and to fears about a global economic downturn. In parallel, the International Energy Agency indicated that the increasing usage of oil and the switching from gas to oil for power generation, given that Russia restricted gas flows to Europe, are boosting oil demand. As such, it revised upward its estimate for global oil demand from 97.6 million barrels per day (p/d) to 99.7 million b/d for this year and projected demand for oil at 101.8 million b/d in 2023. Also, it anticipated global supply of oil to increase by one million b/d by the end of 2022. It said that global oil supply hit a post-pandemic high of 100.5 million b/d in July, given that OPEC+ members ramped up their oil production by 530,000 b/d and non-OPEC+ producers increased their output by 870,000 b/d last month. Also, it pointed out that Russia's crude oil exports to Europe, Japan, Korea, and the U.S. declined by nearly 2.2 million b/d since the start of the war in Ukraine. But it noted that the re-routing of Russian exports of crude and oil products to China, India, Türkiye and others, along with seasonally higher Russian domestic demand, have more than offset the impact of Western sanctions on Russia's crude oil exports. In addition, Refinitiv projected oil prices, through its latest crude oil price poll of 35 industry analysts, to average $110 p/b in the third quarter and $104 p/b in the fourth quarter of 2022.
Source: International Energy Agency, Refinitiv, Byblos Research

Global steel output down 6% in July 2022

Global steel production reached 149.3 million tons in July 2022, constituting a decrease of 5.6% from 158.1 million tons in June 2022 and a decline of 7.7% from 161.7 million tons in July 2021. Production in China totaled 81.4 million tons and accounted for 54.5% of global output in July 2022. India followed with 10.1 million tons, or 6.8% of the total, then Japan with 7.3 million tons (4.9%), the U.S. with 7 million tons (4.7%), South Korea with 6.1 million tons (4.1%), and Russia with 5.5 million tons (3.7%).
Source: World Steel Association, Byblos Research

ME&A's oil demand to grow by 4% in 2022

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East and Africa to average 12.52 million barrels per day (b/d) in 2022, which would constitute an increase of 4.3% from 12 million b/d in 2021. The region's demand for oil would represent 23.3% of demand in non-OECD countries and 12.5% of global consumption this year.
Source: OPEC

Angola's oil export receipts up 139% to $3.6bn in July

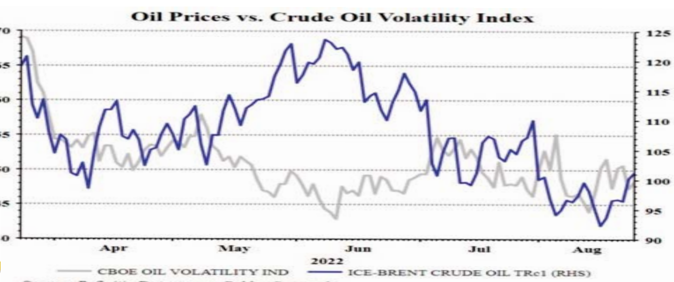
Oil exports from Angola reached 37.24 million barrels in July 2022, nearly unchanged from 37.18 million barrels in June 2022 and constituting an increase of 3.9 million barrels (+11.7%) from the same month in 2021. The country's oil export receipts totaled KZ1.54 trillion, or $3.6bn, in July 2022 and surged by 139% from KZ643.2bn, or $1.5bn in June 2022. They climbed by 141.1% from KZ637.3bn ($981.5m) in July 2021.
Source: Ministry of Finance of Angola

Base Metals: Copper prices to average $7,600 per ton in 2022

LME copper cash prices averaged $9,293.7 per ton in the year-to-August 24, 2022 period, constituting an increase of 1.4% from an average of $9,164 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 $8,076 per ton on August 24, 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, a stronger US dollar and the renewed lockdown measures in China amid a surge in the number of new coronavirus cases, which have limited the prospects of a recovery in copper demand. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 12.8 million tons in the first half of 2022, up by 2.7% from the same period of 2021, due to an increase of 3.6% in Chinese demand, given that China is the world's largest consumer of the metal, and a growth of 1.6% in global demand for refined copper excluding China. Also, Chinese imports of refined copper reached their highest level in June 2022 since December 2021. In parallel, global refined copper production reached 12.7 million tons in the first half of 2022, constituting an increase of 3.2% from 12.3 million tons in the same period last year, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Chile and Japan. Further, S&P Global Ratings projected copper prices to average $7,600 per ton in 2022 and $8,700 a ton in 2023.
Source: ICSG, S&P Global Ratings, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $925 per ounce in 2022

Platinum prices averaged $970.2 per troy ounce in the year-to-August 24, 2022 period, constituting a decrease of 15.1% from an average of $1,143.2 an ounce in the same period last year, due mainly to chip shortages in the automotive sector that have restrained the demand for the metal. Further, platinum prices regressed from a recent high of $1,151 per ounce on March 8, 2022 to $875 an ounce on August 24, 2022, driven by the expected slowdown in global economic growth, which put downward pressure on the metal's price. In parallel, Citi Research projected global demand for platinum to reach 7.25 million ounces in 2022 and to increase by 3% from 7 million ounces in 2021. Also, it forecast the global supply of platinum to decrease by 7% from 8.1 million ounces in 2021 to 7.6 million ounces in 2022, with mine output representing 76.7% of global refined platinum production in 2022. In addition, it expected platinum prices to decrease in the near term in case of a major global recession. But it projected the metal's prices to increase in 2023, driven by the rebound in autocatalyst demand on improved chip supply and the recovery in global growth. As such, it forecast platinum prices to average $925 per ounce in 2022 and $1,025 an ounce in 2023.
Source: Citi Research, Refinitiv, Byblos Research



Source: Refinitiv Datastream, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Stable	B- Positive	- -	-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	CCC+ Negative	Caa1 Stable	CCC -	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Positive	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 Stable	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+ Stable	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- Negative	B3 Negative	B- Negative	- -	-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
Türkiye	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	2.50	27-Jul-22	Raised 75bps	N/A
Eurozone	Refi Rate	0.50	21-Jul-22	Raised 50bps	08-Sep-22
UK	Bank Rate	1.75	04-Aug-22	Raised 50bps	N/A
Japan	O/N Call Rate	-0.10	21-Jul-22	No change	22-Sep-22
Australia	Cash Rate	1.85	02-Aug-22	Raised 50bps	06-Sep-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 Loan Prime Rate	3.65	22-Aug-22	Cut 5bps	20-Sep-22
Hong Kong	Base Rate	2.75	28-Jul-22	Raised 75bps	N/A
Taiwan	Discount Rate	1.50	16-Jun-22	Raised 12.5bps	22-Sep-22
South Korea	Base Rate	2.50	25-Aug-22	Raised 25bps	14-Oct-22
Malaysia	O/N Policy Rate	2.25	06-Jul-22	Raised 25bps	08-Sep-22
Thailand	1D Repo	0.75	10-Aug-22	Raised 25bps	28-Sep-22
India	Reverse Repo Rate	3.35	08-Apr-22	No change	N/A
UAE	Repo Rate	3.75	22-Jul-22	Raised 75bps	N/A
Saudi Arabia	Repo Rate	3.00	22-Jul-22	Raised 75bps	N/A
Egypt	Overnight Deposit	11.25	18-Aug-22	No change	22-Sep-22
Jordan	CBJ Main Rate	3.75	16-Jun-22	Raised 50bps	N/A
Türkiye	Repo Rate	13.00	18-Aug-22	Cut 100bps	22-Sep-22
South Africa	Repo Rate	4.75	19-May-22	Raised 50bps	22-Sep-22
Kenya	Central Bank Rate	7.50	27-Jul-22	Raised 50bps	N/A
Nigeria	Monetary Policy Rate	14.00	19-Jul-22	Raised 100bps	27-Sep-22
Ghana	Prime Rate	19.00	25-Jul-22	No change	26-Sep-22
Angola	Base Rate	20.00	29-Jul-22	No change	N/A
Mexico	Target Rate	8.50	11-Aug-22	Raised 75bps	29-Sep-22
Brazil	Selic Rate	13.75	03-Aug-22	Raised 50bps	N/A
Armenia	Refi Rate	9.50	02-Aug-22	Raised 25bps	13-Sep-22
Romania	Policy Rate	5.50	05-Aug-22	Raised 75bps	N/A
Bulgaria	Base Interest	0.00	27-Jul-22	No change	25-Aug-22
Kazakhstan	Repo Rate	14.50	25-Jul-22	Raised 50bps	05-Sep-22
Ukraine	Discount Rate	25.00	21-Jul-22	No change	08-Sep-22
Russia	Refi Rate	8.00	22-Jul-22	Cut 150bps	16-Sep-22

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