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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Trading in Credit Default Swaps up 11% to $281bn in second quarter of 2022

Trading in emerging markets Credit Default Swaps (CDS) reached $281bn in the second quarter of 2022, constituting an increase of 11% from $253bn in the second quarter of 2021 and a decrease of 35.7% from $437bn in the first quarter of 2022. The most frequently traded sovereign CDS contracts in the second quarter of 2022 were those of Turkey at $26bn, followed by China at $19bn, then Brazil, Mexico and South Africa at $18bn. As such, traded sovereign CDS contracts on Turkey accounted for about 9.3% of the trading volume in emerging markets CDS in the covered quarter, followed by CDS contracts on China (6.8%), then Brazil, Mexico and South Africa (6.4%). Further, the most frequently traded corporate CDS contracts in the covered quarter were those of Mexico's state-oil company Pemex at about $1.6bn, which accounted for about 0.6% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 23 emerging economies and nine emerging market corporate issuers, from 12 major international banks and broker-dealers.

Source: EMTA

Sovereigns and corporates to issue $520bn in Eurobonds in 2022

Bank of America projected sovereigns and corporates in emerging markets (EMs) to issue $520bn in sovereign and corporate Eurobonds in 2022, compared to $679 of external debt output in 2021 and $707bn in Eurobonds in 2020. It forecast EMs to issue $151bn in sovereign Eurobonds in 2022, or 29% of aggregate Eurobonds issuance for the year, constituting a decline of 14% from nearly $176bn in 2021. Further, it indicated that EM sovereigns have already issued $37bn in Eurobonds in the first quarter, $21 in the second quarter, and $6bn in the third quarter of 2022. On a regional basis, it noted that Emerging Europe, the Middle East and Africa region issued $27.3bn, and accounted for 42% of aggregate EM sovereign output in the first nine months of 2022, followed by Latin America $22.8bn (35%), Emerging Asia with $11.1bn (17%), and the Gulf Cooperation Council economies countries with $3.9bn (6%). In parallel, it forecast EMs to issue $369bn in corporate bonds in 2022, or 71% of total external debt output, down from $500bn in 2021. It pointed out that EM corporates have already issued $91bn in Eurobonds in the first quarter, $56bn in the second quarter, and $21bn in the third quarter of 2022. On a regional basis, it stated that corporates in Emerging Asia issued $125.6bn, or 73% of total corporate Eurobond output in the first nine months of 2022, followed by Latin America with $20.6bn (12%), and the Emerging Europe, the Middle East and Africa region and the Gulf Cooperation Council contries with $12bn each (7% each).

Source: Bank of America, Byblos Research

GCC

Hospitality sector revenues to reach $34bn by 2026

Alpen Capital projected revenues from the hospitality sector in the Gulf Cooperation Council (GCC) countries to grow from $15bn in 2021 to $26.3bn in 2022, 2023? $30.8bn in 2024 2025? and $34bn in 2026, and to post a compound annual growth rate (CAGR) of 6.6% between 2022 and 2026. It anticipated the sector's outlook to be underpinned by the rebound in economic activity, upcoming mega events in the region, such as the 2022 FIFA World Cup in Qatar, and the governments' aggressive strategies to promote travel and tourism. Further, it forecast revenues from the hospitality industry in Saudi Arabia to post a CAGR of 8% during the 2022-26 period, followed by Kuwait (+7.1%), Oman (+6.3%), the UAE (+5.5%), Qatar (+4.3%) and Bahrain (+2.9%). It projected Saudi Arabia's receipts from the hospitality sector at $23.1bn and to account for 68.2% of revenues from the hospitality industry in the GCC region in 2026 compared to a share of 64.7% in 2022, followed by the UAE with a share of 21.2% relative to 22.2% in 2022, Qatar with 4%, Bahrain with 2.7%, Oman with 2.6%, and Kuwait with 1.3%. Also, it projected the aggregate revenues per available room in the GCC at $93 in 2026, which would constitute an increase of 12% from $83 in 2022. It forecast revenues per available room at $139 in Kuwait in 2026, at $106 in Saudi Arabia, at $95 in the UAE, at $94 in Qatar, at $93 in Bahrain, and at $80 in Oman.

Source: Alpen Capital

SAUDI ARABIA

Profits of listed firms up 69% to $108bn in first half of 2022

The cumulative net income of 178 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR403.6bn, or $107.6bn, in the first half of 2022, constituting an increase of 69% from $63.7bn in the same period of 2021. Listed energy firms generated net profits of $84.9bn and accounted for 78.8% of total earnings in the covered quarter. Basic materials firms followed with $8.7bn in net income (8%), then listed banks with $8bn (7.4%), utilities companies with $2.1bn (1.9%), telecommunications firms with $1.8bn (1.7%), firms in the food & beverage sector with $432m (0.4%), healthcare equipment & services providers with $402.4m (0.37%), food & staples retailers with $307m (0.3%), software & services firms with $265.3m (0.25%), and retailers with $206.3m (0.2%); while listed companies in other sectors registered net profits of $672.7m (0.63%). In parallel, the net earnings of retailers surged by 774% in the first half of 2022 from the same period last year, followed by profits of transportation firms (+369.5%), energy companies (+86%), capital good firms (+51.7%), basic materials firms (+39.7%), media services companies (+35.4%), software & services companies (+33.6%), food & staples retailers (+29%), banks (+28%), firms in the real estate management & development sector (+21%), healthcare equipment & services providers (+19.3%), food & beverage firms (+16.2%), and telecom companies (+7%). In contrast, the net profits of consumer durable and apparel companies dropped by 81% in the covered quarter, followed by the net earnings of insurers (-65.7%), diversified financial companies (-18.2%), and utilities firms (-5.1%).

Source: KAMCO

OUTLOOK

WORLD

Growth projected at 0.5% to 2.4% in 2023 depending on severity of downturn

The World Bank projected global economic activity in its baseline scenario to expand by 2.9% in 2022 and 2.4% in 2023, and for global real GDP growth to recover to 3% in 2024. It assumed in this case that the headwinds from the volatility in global commodity prices and supply-chain disruptions would subside, and took into account market-based expectations of further tightening of monetary policy in several major economies. Also, it forecast growth in advanced economies at 2% in 2024, while it projected economic activity in emerging markets and developing economies (EMDEs) at 4.1% in 2023 and 4.3% in 2024.

In parallel, in its "sharp downturn" scenario, it assumes that major central banks in advanced economies and EMDEs will raise their benchmark policy rates by a cumulative 100 basis points (bps) above baseline assumptions in the next two quarters. It anticipated global real GDP growth to decelerate from 2.8% this year to 1.7% in 2023 but to recover to 2.7% in 2024. Also, it expected real GDP growth in advanced economies to decelerate from 2.3% in 2022 to 0.5% next year, and to recover to 1.7% in 2024. However, it anticipated economic activity in EMDEs to be impacted by the adverse financial spillovers from monetary tightening in the U.S., and projected real GDP in these economies to decelerate from 3.6% in 2022 to 3.3% in 2023, but to recover to 4.1% in 2024. It expected activity to slow down more sharply next year in EMDEs that are heavily exposed to the U.S. via trade and financial channels, as well as in commodity-exporting EMDEs that are highly vulnerable to the volatility in commodity prices.

Further, in its "global recession" scenario, it estimated that major central banks will raise their benchmark policy rates by 200 bps above baseline assumptions in the next two years, which would result in a larger-than-expected tightening of global financial conditions. As a result, it projected global real GDP growth to decelerate from 2.8% this year to 0.5% in 2023 to 2% in 2024. It expected real GDP growth in advanced economies to contract by 0.6% next year and for growth to recover to 1% in 2024. Also, it projected real GDP in EMDEs to decelerate from 3.5% this year to 1.8% in 2023 and to recover to 3.4% in 2024. It anticipated the sharp tightening of global financial conditions to threaten EMDEs that have wide current account deficits and rely heavily on foreign capital inflows, as well as those with high levels of short-term or foreign-currency-denominated public or private debt.
Source: World Bank

Higher demand for biofuels could raise prices of grains and oilseeds

The Bank of International Settlements (BIS) indicated that Russia's invasion of Ukraine has resulted in disruptions that have impacted global commodity markets. It considered that the substitution of Russian oil exports would be difficult, given limited spare capacity of other oil producers and subdued investments in the exploration and development of new sources of oil. As such, it expected that restrictions on Russian oil exports may result in large and persistent price increases for oil-related products worldwide.

In parallel, it noted that the conflict in Ukraine has put upward pressure on the prices of some key agricultural commodities, mainly due to supply restrictions and to higher transportation costs. Also, it anticipated that large and persistent increases in oil prices could result in the increase in the prices of crops that are used as input for the production of biofuels such as ethanol and biodiesel. It said that higher oil prices create incentives for gasoline blenders to increase the ethanol content in their product. It expected such a shift to slow the rise in oil prices globally, but anticipated that higher global demand for biofuels could exert upward pressure on the prices of grains and oilseeds as a result of higher demand for such inputs for the production of biofuels. In addition, it expected that higher prices of grains, such as corn, could also spill over to other agricultural markets, given that corn competes with soybeans for acreage and for feeding livestock.

Further, the BIS expected the persistently high prices of natural gas, which is key for electricity generation, to exacerbate the recent hikes in the price of electricity for end-users. It added that the manufacturing sector is the main user of electricity, given that it accounts on average for more than 40% of global electricity usage. As such, it considered that the impact of gas supply disruptions on electricity prices is likely to affect global economic activity, and constitutes a significant headwind for manufacturing and industrial production worldwide.
Source: Bank of International Settlements

NIGERIA

Real GDP growth to average 3% in 2022-23 period

Citi Research projected Nigeria's real GDP growth to decelerate from 3.6% in 2021 to 3.2% in 2022 and to further slow down to 2.6% in 2023, mainly due to uncertainties about the upcoming general elections next year. However, it expected economic activity to start recovering in the second half of 2023 after the new president takes office next May. It considered that the new president will have to take a firm stance on the very high level of oil theft in Nigeria, which is negatively affecting oil production levels, as it anticipated that the non-recovery in oil production will weigh on public revenues and limit the authorities' ability to reform the exchange rate regime.

In parallel, it forecast the inflation rate to average 20.2% in 2022 and 17.7% in 2023. It considered that the Central Bank of Nigeria (CBN) needs to moderately increase its policy rate in order to rein in inflationary pressures in 2023, in case of improved agricultural output and lower prices of agricultural products, and if the CBN adopts an exchange rate policy that normalizes the prices of imported products.

Further, Citi considered that the challenge that Nigerian authorities are facing is how to shift to a more flexible exchange rate regime going forward, in order to avoid a "quasi peg" situation and face foreign currency shortages once global oil prices drop, as it did not expect the CBN to further devalue the Nigerian naira. It projected the current account balance to post deficits of 2.5% of GDP to 3% of GDP starting in 2024, as it forecast oil prices to decline from an average of $99 per barrel (p/b) in 2022 to $75 p/b in 2023 and $52 p/b in 2024, which would have significant implications on Nigeria's external balance and foreign currency liquidity.
Source: Citi Research

GCC

Elevated hydrocarbon prices to improve fiscal and external positions

Moody's Investors Service indicated that elevated oil prices and the rebound in oil production in the Gulf Cooperation Council (GCC) countries will lead to a significant improvement in their fiscal and external positions in the next two years. As such, it noted that GCC economies will run fiscal and current account surpluses, which would allow their governments to pay down debts, improve their debt affordability metrics, rebuild fiscal buffers, accumulate foreign-currency reserves, and reduce the governments' liquidity and external vulnerability risks. It noted that Qatar and Oman, which have elevated debt burdens and are highly sensitive to oil price fluctuations, could benefit the most from significant improvements in their fiscal and economic strength, which would support their credit profiles. In contrast, it stated that the material improvement in credit metrics will be modest for most of the higher-rated GCC sovereigns that already have very strong balance sheets. It added that the creditworthiness of the latter will remain stable and constrained by the sovereigns' large exposures to longer-term carbon transition risks and their ability to mitigate these risks. In addition, it pointed out that elevated oil prices offer a window of opportunity to accelerate economic diversification and implement further fiscal reforms in the GCC. It said that supportive macroeconomic conditions in the region would help reduce the countries' heavy exposure on the hydrocarbon sector and increase the resilience of their credit profiles

Source: Moody's Investors Service

JORDAN

Upgrade of sovereign ratings contingent on reforms and improved fiscal metrics

S&P Global Ratings indicated that Jordan's long- and short-term foreign and local currency sovereign credit ratings of 'B+' and 'B', respectively, are supported by the authorities' strong structural reform momentum that is underpinned by financial and technical support from the International Monetary Fund as part of the Extended Fund Facility program. It expected the country's already elevated debt levels to start declining due to robust growth, tax reforms, and contained public expenditures. However, it considered that Jordan's balance of payments position is structurally weak and constrains the sovereign ratings due to the country's elevated external debt level and gross external financing requirements. It forecast gross external financing needs to remain high at 166.4% of currents account receipts plus usable reserves annually in the 2022-25 period. In parallel, the agency noted that the 'stable' outlook on the long-term ratings balances Jordan's reform momentum and donor funding in the next 12 months against the risk that external headwinds could undermine the country's fiscal performance and increase the already-elevated public debt levels. Moreover, it said that it could upgrade the ratings in case economic growth prospects improve significantly, and/or if fiscal performance is stronger-than-expected and puts the public debt on a downward trajectory. In contrast, it said that it may downgrade the ratings in case the authorities' reform momentum stalls and weighs on public finances, as a result of rising public spending or higher-than-expected global food and energy prices.

Source: S&P Global Ratings

SAUDI ARABIA

Real GDP growth to average 6% in 2022-23 period

Jadwa Investment revised upward its real GDP growth forecast for Saudi Arabia to 8.7% in 2022 from 7.7% earlier, due to higher oil prices and oil export revenues, and the rebound in non-oil activity. As such, it anticipated real hydrocarbon GDP to grow by 16.6% and real non-oil GDP to expand by 4.3% in 2022, driven by a rebound in economic activity. It pointed out that real hydrocarbon GDP rose by 21% in the first half of the year, supported by the sustained recovery in global demand for oil this year and by the Kingdom's commitment to increase its oil production in line with the easing of production cuts under the OPEC+ agreement. Also, it projected real GDP growth at 3.3% in 2023, with real hydrocarbon GDP expanding by 3.4% and real non-oil GDP growing by nearly 4%, supported by the rebound in manufacturing, wholesale & retail trade, restaurants & hotels, and transport, storage and communication. In parallel, it indicated that public revenues surged by 43% in the first half of 2022 from the same period last year, due to the increase in Saudi refined products and crude oil export volumes and to higher global oil prices. As a result, it noted that the fiscal balance posted a surplus of 7% of GDP annually in the first half of 2022, and forecast the surplus at 8.7% of GDP in 2022 and 8.8% of GDP in 2023. Also, it expected the public debt level at about 24.3% of GDP and 24.2% of GDP at the end of 2022 and 2023, respectively. Further, it projected the Kingdom's current account balance to post surpluses of 14% of GDP in 2022 and 2023, in case of higher oil export receipts. In addition, it forecast the inflation rate to average of 2.4% this year and 2.1% in 2023, which would place the Kingdom among the Group of 20 economies with the lowest level of inflation.

Source: Jadwa Investment

TUNISIA

Wage agreement raises prospects for deal with IMF

Fitch Ratings considered that the agreement between the Tunisian government and the labor union Union Générale Tunisienne du Travail on increasing public sector wages by 3.5% in the 2023-25 period is a key step towards reaching an agreement with the International Monetary Fund (IMF) in the near term. Further, Fitch indicated that the budget deficit was equivalent to 0.3% of GDP in the first half of 2022, and added that the government's delay in transferring funds to several state-owned enterprises to cover the cost of subsidies resulted in the low deficit figure. It noted that the payment delays follow the sudden rise in the cost of subsidies, which may reflect Tunisia's low liquidity buffers and limited funding options. Also, it expected that the increase in spending on subsidies in 2022 and the rise in capital expenditures in the second half of 2022 would result in a much wider fiscal deficit at the end of the year. Further, it considered that Tunisia will continue to benefit from international support and assumed that the country will secure a deal with the IMF in the near term, which would unlock additional financing from official creditors by end-2022. However, it said that delays in reaching a deal with the IMF or in implementing reforms would aggravate the country's debt sustainability metrics and could lead the IMF to require Tunisia to restructure its debt.

Source: Fitch Ratings

WORLD

Top 1000 banks' Tier One capital-to-assets ratio projected at 6.7% at end-2022

The Banker magazine's annual survey of the Top 1000 banks in the world by Tier One capital projected the banks' aggregate Tier One capital at $10,383bn at the end of 2022, which would constitute an increase of 4.74% from $9,913bn at end-2021, and would represent its highest level on record. It also forecast the banks' assets at $154,211bn at end-2022, up by 3.8% from $148,583bn at the end of 2021. As such, it estimated the Tier One capital-to-assets ratio of the world's Top 1000 banks to increase from 6.67% at end-2021 to 6.73% at the end of 2022, compared to 5.4% at end-2012. It indicated that there were 386 banks from the Asia Pacific region that accounted for 38.6% of the world's Top 1000 banks in 2022, followed by 216 banks from Western Europe (21.6%), 201 banks from North America (20.1%), 68 banks from the Middle East (6.8%), 38 banks from Africa and 38 banks from South America (3.8% each), 26 banks from Central & Eastern Europe (2.6%), 16 banks from Central America (1.6%), seven banks from the Caribbean (0.7%), and four banks from Central Asia (0.4%). Also, it projected the pre-tax profits-to-assets ratio of the world's Top 1000 banks at 0.93% in 2022 relative to 0.63% in 2021.

Source: The Banker, Byblos Research

EGYPT

Bank loans at 36% of sector's assets at March 2022

S&P Global Ratings maintained Egypt's banking sector in 'Group 9' under its Banking Industry Country Risk Assessment (BICRA), with the economic risk score at '9' and the industry risk score at '8'. The BICRA framework evaluates banking systems based on economic and industry risks facing a banking sector, with 'Group 10' including the riskiest sectors. Other countries in the BICRA 'Group 9' are Azerbaijan, Bangladesh, Kazakhstan and Turkey. It said that Egypt's economic risk score reflects "extremely high risks" in its economic resilience, "very high" credit risks in the economy, and "high risks" in its economic imbalances. It pointed out that limited lending opportunities have resulted in a relatively small loan portfolio for the sector. It said that total loans accounted for about 36% of the banking system's assets as at end-March 2022, due in part to the low but slowly improving penetration of financial services in the economy. As a result, it indicated that banks place their excess liquidity in Egyptian government securities, which increases their exposure to the sovereign. It noted that the banks' aggregate loans to the public sector and their holdings of government securities accounted for about 50% of the sector's total assets at end-March 2022, compared to a share of 29% at end-June 2010. Also, it considered that banks will face increasing credit losses in coming years, mainly due to the banks' increasing exposure to small and medium-sized enterprises. In parallel, it said that the industry score reflects the country's "extremely high risks" in its institutional framework, and "high risks" in its system-wide funding and competitive dynamics. It noted that the banking sector is dominated by state-owned banks that account for about 50% of total assets. It considered that banks may not be able to tap international capital markets in case of need, and noted that the trend for the industry and economic risks is 'stable'.

Source: S&P Global Ratings

ANGOLA

Banking sector's net earnings at $755m in 2021

Financial services platform Eaglestone Securities indicated that the combined net profits of the 23 Angolan banks that published their financials reached AOA419.1bn, or $755m in 2021 relative to net losses of AOA200.3bn, or $308m, in 2020. It attributed the increase in earnings to higher operating revenues and to a decrease in provisions following the upgrade of Angola's sovereign ratings in July 2021. In parallel, it indicated that the assets of the 23 banks stood at AOA16,134bn, or $29.1bn at end-2021, constituting a decline of 3% from AOA16,627bn, or $25.6bn at end-2020. It attributed the decrease to a reduction in the banks' investments in treasury instruments, which still represent about one third of the banking sector's assets. Also, it said that the banks' net loans grew by 4.8% last year to $5.5bn at the end of 2021, mainly supported by a 21.8% expansion in kwanza-denominated loans that more than offset the 30% decline in foreign currency-denominated credit, as the latter were impacted by the appreciation of the currency. It pointed out that the non-performing loans (NPLs) ratio regressed from 26.8% at end-2020 to 25% at the end of 2021, due to an improvement in the asset quality of the largest banks. It noted more than 88% of the sector's NPLs were concentrated in the five largest banks, which constitutes a systemic risk for the sector, while more than 70% of the NPLs were in wholesale and retail, households, construction, as well as in other activities and services. In addition, it said that aggregate deposits regressed by 4% last year to AOA11,827bn or $21.3bn at end-2021, due to a 17.8% drop in foreign currency deposits as a result of the appreciation of the kwanza, which more than offset the 10% increase in deposits in local currency.

Source: Eaglestone Securities

PAKISTAN

Capital adequacy ratio at 16.4%, NPLs ratio at 7.8% at end-March 2022

The International Monetary Fund indicated that the Pakistani banking sector is well capitalized, with a capital adequacy ratio (CAR) of 16.4% at the end of March 2022, well above the minimum regulatory requirement of 11.5%. It said that, currently, the CAR of two privately-owned banks and one state-owned bank are below the minimum of 11.5%. It estimated that the CAR of three more banks would be below the regulatory threshold in case the State Bank of Pakistan (SBP) restores the minimum requirement to 12.5%. In parallel, the Fund indicated that the banking system provides significant credit to the government, which leaves Pakistan lagging its peers in the size of private credit relative to nominal GDP. It said that the non-performing loans ratio (NPLs) ratio regressed to 7.8% at end-March 2022 from 7.9% at end-2021 and 9.2% at end-2020. It added that non-provisioned NPLs stood at 0.7% of total NPLs, but that 10 out of 32 banks reported NPLs ratios in excess of 10% at end-March 2022. Further, it said that the banking sector is highly liquid, as liquid assets were equivalent to 55.2% of total assets and to 79.8% of deposits at end-March 2022, and that the banks' loans-to-deposits ratio stood at 48.6% at end-March 2022 relative to 46.6% at the end of 2021. The IMF stressed that the reinforcement of the bank resolution and crisis management frameworks should be the authorities' key priority to safeguard financial stability.

Source: International Monetary Fund

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

ICE Brent crude oil front-month prices have been volatile in September 2022, trading at between $88 per barrel (p/b) and $95.7 p/b, due to several factors. Global tight supply and expectations of increasing demand in the winter season are supporting oil prices, while fears of a global recession and further tightening of monetary policy worldwide are weighing on oil prices. In parallel, Fitch Ratings indicated that oil prices have recently declined due to fairly resilient Russian oil export volumes and a potential revival of the 2015 nuclear deal with Iran. In addition, Emirates NBD expected the demand for oil to slow in OECD economies due to high prices for refined petroleum products, tighter monetary policy, and a slowdown in economic activity worldwide. Further, it considered that the outlook for the supply of oil is uncertain, as the impact of the Group of Seven nations' imposition of a price cap on Russian oil exports remains unclear. It added that OPEC+ members excluding Russia will be under pressure, as many producers have been unable to hit their targets and Saudi Arabia has hesitated to deploy its spare capacity. It considered that OPEC+ countries might cut their monthly production targets between 500,000 barrels per day (b/d) and 750,000 b/d in order to put a floor to oil prices. Further, it adjusted downward its oil price forecast for the fourth quarter of 2022 from $115 p/b to $100 p/b, given that the slowdown in global economic growth is weighing on energy prices. It expected the oil market to be balanced in the first half of 2023 and to shift to a deficit in the second half of the year, which would increase oil prices from an average of $95 p/b in the first quarter to $115 p/b in the fourth quarter of 2023.
Source: Fitch Ratings, Emirates NBD, Refinitiv, Byblos Research

Global steel output nearly unchanged in August 2022

Global steel production reached 150.6 million tons in August 2022, nearly unchanged from 149.3 million tons in July 2022 and constituting a decrease of 4% from 156.8 million tons in August 2021. Production in China totaled 83.9 million tons and accounted for 55.7% of global steel output in August 2022. India followed with 10.2 million tons, or 6.8% of the total, then Japan with 7.3 million tons (4.8%), the U.S. with 7 million tons (4.6%), South Korea with 6.1 million tons (4.1%), and Russia with 5.9 million tons (3.9%).
Source: World Steel Association, Byblos Research

ME&A's oil demand to grow by 5% in 2022

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East and Africa to average 12.58 million barrels per day (b/d) in 2022, which would constitute an increase of 4.7% from 12 million b/d in 2021. The region's demand for oil would represent 23.4% of demand in non-OECD countries and 12.6% of global consumption this year.
Source: OPEC

Global natural gas output at 4,092 billion bcm in 2022

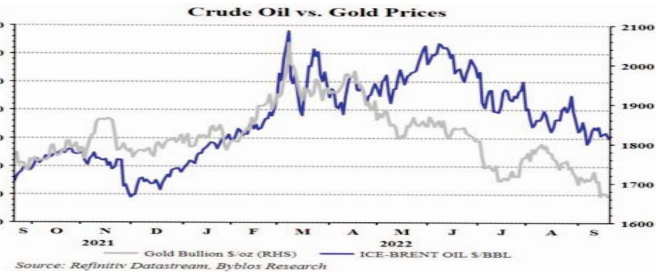
The International Energy Agency projected global natural gas production to reach 4,092 billion cubic meters (bcm) in 2022, and to decrease by 18 bcm, or 0.4%, from 4,110 bcm in 2021. It forecast production of natural gas in North America at 1,208 bcm in 2022 and to represent 29.5% of the world's aggregate output, followed by Eurasia with 858 bcm (21%), the Middle East with 712 bcm (17.4%), Asia Pacific with 670 bcm (16.4%), Africa with 267 bcm (6.5%), and Europe with 227 bcm (5.5%).
Source: International Energy Agency, Byblos Research

Base Metals: Copper prices to average $7,850 per ton in fourth quarter of 2022

LME copper cash prices averaged $9,144 per ton in the year-to-September 21, 2022 period, constituting a decrease of 0.5% from an average of $9,186.3 a ton in the same period of 2021. Demand for the metal in China is anticipated to be low amid fears of a worldwide recession, which will weigh on the metal's price. Also, copper prices declined to $7,749 per ton on September 21, 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 14.9 million tons in the first seven months of 2022, up by 2.5% from the same period of 2021, due to an increase of 3% in Chinese demand, given that China is the world's largest consumer of the metal, and a growth of 1.8% in global demand for refined copper excluding China. In parallel, global refined copper production reached 14.8 million tons in the first seven months of 2022, constituting an increase of 3% from 14.4 million tons in the same period last year, as higher output from China and the Democratic Republic of the Congo and Japan was partially offset by lower production in Chile. Further, Standard Chartered Bank projected copper prices to average $7,850 per ton in the fourth quarter of 2022.
Source: ICSG, Standard Chartered Bank, Refinitiv, Byblos Research

Precious Metals: Gold prices projected at $1,600 per ounce in fourth quarter of 2022

Gold prices averaged $1,832.2 per troy ounce in the year-to-September 21, 2022 period, constituting an increase of 1.7% from an average of $1,802.3 an ounce in the same period of 2021 and reached a peak of $2,506 per ounce on March 8. The increase is attributed to 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. However, prices regressed from their high this year to $1,668.1 an ounce on September 21, 2022 due to a stronger US dollar and higher U.S. bond yields. In parallel, Citi Research projected gold prices to average $1,600 per ounce in the fourth quarter of 2022, as it expected higher U.S. nominal and real bond yields, a further strengthening of the dollar, as well as higher interest rate from the U.S Federal Reserve to weigh on gold prices. Also, it forecast gold jewelry demand to decrease in Asia in the near term, due to the slowdown in economic activity in China and the depreciation of the Indian rupee against the U.S. dollar. However, it anticipated gold prices to average $1,950 an ounce in the fourth quarter of this year, in case of an increase in the demand for the metal from central banks globally in the short to medium term. Also, it projected gold prices to average $1,810 an ounce in 2022.
Source: Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	LT Foreign currency rating 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 (%)
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 Stable	-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+	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-	-								
	Negative	Negative	Negative	-	-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
Türkiye	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		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	3.25	21-Sep-22	Raised 75bps	N/A
Eurozone	Refi Rate	1.25	08-Sep-22	Raised 75bps	N/A
UK	Bank Rate	1.75	04-Aug-22	Raised 50bps	N/A
Japan	O/N Call Rate	-0.10	22-Sep-22	No change	N/A
Australia	Cash Rate	2.35	06-Sep-22	Raised 50bps	04-Oct-22
New Zealand	Cash Rate	2.50	13-Jul-22	Raised 50bps	05-Oct-22
Switzerland	SNB Policy Rate	0.50	22-Sep-22	Raised 75bps	15-Dec-22
Canada	Overnight rate	3.25	07-Sep-22	Raised 75bps	26-Oct-22
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Sep-22	No change	20-Oct-22
Hong Kong	Base Rate	3.50	22-Sep-22	Raised 75bps	N/A
Taiwan	Discount Rate	1.625	22-Sep-22	Raised 12.5bps	15-Dec-22
South Korea	Base Rate	2.50	25-Aug-22	Raised 25bps	14-Oct-22
Malaysia	O/N Policy Rate	2.5	08-Sep-22	Raised 25bps	03-Nov-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	4.50	22-Sep-22	Raised 75bps	N/A
Saudi Arabia	Repo Rate	3.75	22-Sep-22	Raised 75bps	N/A
Egypt	Overnight Deposit	11.25	18-Aug-22	No change	22-Sep-22
Jordan	CBJ Main Rate	4.50	31-Jul-22	Raised 75bps	N/A
Türkiye	Repo Rate	12.00	22-Sep-22	Cut 100bps	20-Oct-22
South Africa	Repo Rate	6.25	22-Sep-22	Raised 75bps	24-Nov-22
Kenya	Central Bank Rate	7.50	27-Jul-22	Raised 50bps	29-Sep-22
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	26-Sep-22
Mexico	Target Rate	8.50	11-Aug-22	Raised 75bps	29-Sep-22
Brazil	Selic Rate	13.75	21-Sep-22	No change	N/A
Armenia	Refi Rate	10.00	13-Sept-22	Raised 50bps	01-Oct-22
Romania	Policy Rate	5.50	05-Aug-22	Raised 75bps	N/A
Bulgaria	Base Interest	0.00	25-Aug-22	No change	27-Oct-22
Kazakhstan	Repo Rate	14.50	05-Sep-22	No change	24-Oct-22
Ukraine	Discount Rate	25.00	08-Sep-22	No change	20-Oct-22
Russia	Refi Rate	7.50	16-Sep-22	Cut 50bps	28-Oct-22

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