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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sustainable debt securities issuance at $865bn in 2022

S&P Global Ratings projected the global issuance of sustainable bonds to reach $865bn in 2022, which would constitute a decrease of 16% from $1.03 trillion in 2021. Further, it indicated that global issuance of sustainable debt totaled $451.1bn in the first half of 2022, down by 20% from $563.8bn in the same period of the preceding year. The distribution of sustainable bonds issued shows that green bonds amounted to $245.1bn in the first half of 2022 and accounted for 54.3% of the total, followed by social projects bonds with $81.1bn (18%), sustainability bonds with $76.6bn (17%), sustainability-linked bonds with $47.5bn (10.5%), and transition bonds with $0.92bn (0.2%). Further, non-financial corporates issued $162.4bn in sustainable debt securities n the first half of this year, which represented 36% of the total, followed by international public finance entities with $135.3bn (30%), financial services firms with $94.7bn (21%), sovereigns with $31.6bn (7%), and the U.S. public finance sector with $27.1bn (6%). In addition, Europe issued $203bn of sustainable bond in the first half of 2022 and accounted for 45% of total issuance, followed by Asia and Oceania with $103.8bn (23%), North America with $72.2bn (16%), Supranational institutions with $49.6bn (11%), the Middle East & Africa region with $13.5bn (3%), and Latin America with $9bn (2%).

Source: S&P Global Ratings

Global merchandise trade up 17% in second quarter of 2022

The World Trade Organization indicated that the volume of global merchandise trade increased by 17% in the second quarter of 2022 from the same period of 2021 and grew by 1.1% from the first quarter of 2022. It said that the volume of merchandise exports expanded by 0.8% and the volume of merchandise imports increased by 1.4% in the second quarter of 2022 from the preceding quarter. On a regional basis, it estimated that the volume of merchandise exports expanded by 23% in North America in the second quarter of 2022 from the same quarter last year, followed by exports from South & Central America (+23%), Asia (+14%), and Europe (+9%), while merchandise exports from other regions surged by 49% in the covered quarter. In parallel, it estimated that the volume of merchandise imports rose by 34% in South & Central America in the second quarter of this year from the same period of 2021, followed by merchandise imports from North America (+22%), Europe (+18%), and Asia (+15%), while merchandise imports from other regions increased by 10% in the covered period. In parallel, it noted that trade in fuels and mining products surged by 60% in the second quarter of 2022 from the same quarter of the previous year, followed by trade in agricultural products (+12%), and trade in manufactured goods (+10%).

Source: World Trade Organization

MENA

More than 50% of consumers use e-commerce for shopping

A survey on e-commerce and digital payments in Bahrain, Egypt, Jordan, Kuwait, Qatar, Saudi Arabia and the UAE indicated that 52% of surveyed consumers in these countries in 2022 reported that they are using e-commerce for their shopping more frequently, relative to 47% of respondents surveyed in 2021. Also, it showed that 70% of participants in the covered countries said that they currently prefer to pay for their online purchases via a digital payment method relative to 60% in 2021. In parallel, the survey revealed that nearly 43% of surveyed consumers in 2022 are purchasing prepared food online, 33% of respondents are buying fashion and clothing using e-commerce, 21% of surveyed persons are purchasing their flight tickets online, 12% of participants are buying music and media players through e-commerce, and 10% of surveyed consumers are purchasing luxury goods and events tickets online. Also, it noted that 40% of respondents prefer to pay for their online purchases using their credit or debit cards, while 30% of participants prefer the cash-on-delivery method, 20% of respondents choose to pay using a mobile application, and 10% of surveyed persons use banking transfers in their online shopping. It noted that cash-on-delivery payments in the covered countries has dropped by nearly 40% in the past 24 months, as governments are encouraging and promoting the adoption of digital payments instead of cash usage. The survey was conducted by global payment solutions provider checkout.com and market research firm YouGov in February and July 2022. It had a weighted sample size of 15,500 consumers across the seven countries.

Source: checkout.com, YouGov

QATAR

Profits of listed firms up 31% to $7.5bn in first half of 2022

The net income of 47 companies listed on the Qatar Stock Exchange totaled QAR27.3bn, or $7.5bn in the half of 2022, constituting an increase of 30.6% from QAR21bn ($5.7bn) in the first half of 2021. Earnings stood at QAR13.6bn, or $3.7bn in the first quarter and QAR14.1bn ($3.8bn) in the second quarter of 2022. Banking & financial services firms generated net profits of $3.6bn in the first half of 2022 and accounted for 47.6% of the earnings of publicly-listed firms. Industrial companies followed with $2.4bn, or 31.6% of the total, then telecommunications firms with $464.4m (6.2%), transportation companies with $408m (5.4%), real estate firms with $271.1m (3.6%), consumer goods & services providers with $242.4m (3.2%), and insurers with $171.6m (2.3%). Further, the net earnings of listed industrial companies surged by 48.2% in the first half of 2022 from the same period of 2021, followed by transportation firms (+25.7%), real estate companies (+16.7%), insurance providers (+7.5%), and banking & financial services providers (+5%). In contrast, the net income of consumer goods & services firms decreased by 4% in the first half of 2022 from the same period of 2021, while the earnings of telecommunications firms shifted from aggregate losses of $225.8m in the first half of 2021 to profits of $464.4m in the same period of 2022.

Source: KAMCO

OUTLOOK

WORLD

Economic outlook subject to downside risks

The International Monetary Fund projected global real GDP growth to decelerate from 6% in 2021 to 3.2% in 2022, constituting its fourth downward revision for this year, and forecast growth at 2.7% in 2023, down by 0.2 percentage points from its July forecast. It attributed the lower projections to spillovers from Russia' invasion of Ukraine, higher inflation rates worldwide, expectations of steeper interest rate hikes by major central banks, and to the lingering effects of COVID-19 outbreak. It added that the forecast reflects significant slowdowns in economic activity in the U.S., China, and the Eurozone. It projected real GDP in advanced economies to grow by 2.4% this year and 1.1% next year, and forecast economic activity in emerging markets & developing economies to expand by 3.7% in each of 2022 and 2023. Further, it anticipated the average inflation rate worldwide to rise from 5.6% in 2021 to 9.3% in 2022 and to moderate to 4.7% in 2023.

It projected real GDP in the Middle East & North Africa to grow by 5% in 2022 and by 3.6% in 2023. Also, it expected economic activity in Emerging & Developing Asia to expand by 4.4% this year and by 4.9% next year, while it anticipated real GDP growth in Sub-Saharan Africa at 3.6% in 2022 and 3.7% in 2023. Also, it forecast economic activity in Latin America & the Caribbean to expand by 3.5% this year and by 1.7% in 2023. Further, it anticipated real GDP growth in Emerging & Developing Europe at 0% in 2022 and at 0.6% next year.

The IMF considered that risks to the global economic outlook are tilted to the downside. It anticipated that a protracted war in Ukraine and an increase in geopolitical tensions could lead to further disruptions to global trade, and would weigh on global energy and commodity prices. Also, it anticipated that tighter global financial conditions would lead to higher debt servicing costs and could induce debt distress and recession in some emerging market and developing economies; and for weaker growth in China to weigh on growth prospects of its trading partners.

Source: International Monetary Fund

MENA

Real GDP growth at 6.4% in 2022 on rise in hydrocarbon production and prices

The Institute of International Finance (IIF) projected real GDP growth in the nine oil-exporting countries of the Middle East & North Africa (MENA) region to accelerate from 3.6% in 2021 to 6.4% in 2022, supported mainly by higher oil prices and production, and by oil-export revenues. It forecast non-oil real GDP growth to range from 2% in Iran to 6% in Iraq in 2022. It expected real GDP growth of the nine economies to moderate to 2.8% in 2023 due to a small reduction in oil output, but for activity in the non-hydrocarbon sector to expand by 4.2% next year. It considered that sustainable growth in the medium-to long terms will require greater economic diversification through structural reforms to reduce dependence on hydrocarbons. Further, it expected inflationary pressures to remain modest due to the currency peg of several countries to the appreciating US dollar, as well as to price caps on food, electricity and gasoline, and to subdued rent prices amid high supply of real estate in some MENA oil exporters.

In parallel, the IIF forecast oil prices at $101 per barrel (p/b) in 2022 and $90 p/b in 2023, and anticipated that fiscal breakeven oil prices of MENA oil exporters to be lower than its projections for oil prices next year. Also, it projected the aggregate fiscal surplus of MENA oil exporters at 6.8% of GDP in 2022 and 3.2% of GDP in 2023, amid higher hydrocarbon receipts, a modest increase in public spending, and fiscal consolidation efforts. It anticipated that fiscal strains could arise over the medium term if oil prices decline well below $70 p/b for a significant period of time. But it expected the ample public foreign assets of MENA oil exporters to cushion the impact of these strains. Further, it forecast the aggregate current account balance of MENA oil exporters to decline from $448bn or 16% of GDP in 2022 to $310bn or 11% of GDP in 2023, in case oil prices average $90 p/b next year. It forecast the surpluses to range from 6% of GDP in Iraq to 31% of GDP in Kuwait in 2022. Also, it expected the large current account and fiscal surpluses in GCC economies to increase resident capital outflows from MENA oil exporters to a record high of $403bn in 2022.

Source: Institute of International Finance

AFRICA

Real GDP growth to average 3.7% in 2023-24 period, risks to outlook tilted to the downside

The World Bank anticipated that real GDP growth in Sub-Saharan Africa (SSA) will decelerate from 4.1% in 2021 to 3.3% in 2022, down by 0.3 percentage points from its April 2022 forecast for the year. It attributed downward revision to the impacts of the conflict in Ukraine on food and fuel inflation worldwide, persistent supply disruptions from lockdowns in China, and to tighter monetary policy in advanced economies. It expected real GDP growth to rebound to 3.5% in 2023 and 3.9% in 2024, as it anticipated a recovery in gross fixed investments and subdued private consumption in SSA economies.

Further, it projected economic activity in the SSA region, excluding its three largest economies Angola, Nigeria and South Afirca, to expand by 4.6% in 2023 and by 5.2% in 2024. It expected non resource-rich economies to grow by 4.7% in 2023 and by 5.3% in 2024, due mainly to lower import bills and an expansion in the services sector. But it anticipated real GDP growth in resource-rich countries to remain subdued at 2.8% next year due to lower commodity prices, and to rebound to 3% in 2024.

In parallel, the World Bank considered that risks to the SSA region's economic outlook are tilted to the downside. It indicated that external risks include a slowdown in global economic activity, mainly in China, the Eurozone and the U.S., which would reduce commodity exports and prices. It also anticipated that restrictions in China as a result of the country's zero-COVID-19 policies may affect supply chains and have repercussions on inflation rates across the SSA region. In addition, it expected that a protracted conflict in Ukraine would trigger further increases in food and fuel prices, in case trade disruptions persist, which could aggravate food insecurity. Further, it noted that domestic risks include sovereign and corporate defaults amid tighter global financial conditions and limited access to international capital markets, the deterioration of security conditions in the Sahel, and severe weather conditions.

Source: World Bank

OMAN

Agencies affirm sovereign ratings, outlook revised to 'positive'

S&P Global Ratings affirmed Oman's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'BB-', respectively, and maintained the 'stable' outlook on the long-term ratings. It considered that the outlook balances the recent significant improvement in Oman's fiscal and balance of payments positions, against the economy's structural susceptibility to adverse oil price shocks. Also, it anticipated oil prices to decrease in the 2023-24 period, which would affect Oman's fiscal and external performance. Further, it pointed out that the Omani government plans to continue to reduce its high reliance on the hydrocarbon sector and to improve fiscal sustainability, in line with its medium-term fiscal plan. It forecast the country's gross external financing needs at 105.7% and at 104% of current account receipts and usable reserves in 2022 and 2023, respectively. In parallel, Moody's Investors Service affirmed Oman's long-term issuer and senior unsecured debt ratings at 'Ba3', which are three notches below investment grade, and revised the outlook from 'stable' to 'positive' on the long-term ratings. It attributed the outlook revision to the reduction of Oman's debt burden and the amelioration of its debt affordability metrics in 2022, as well as to the potential improvement of the country's debt metrics in the medium-term. In parallel, the agency said that it could downgrade the ratings in case of slower progress in the fiscal adjustment process, in case of significant government liquidity and external vulnerability pressures, and/or in case of a significant tightening of financing conditions. In contrast, it noted that it may upgrade the ratings if authorities implement a steady and consistent reform agenda that would sustain Oman's fiscal strength metrics in the medium term.

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

PAKISTAN

Ratings downgraded on rising external risks

Moody's Investors Service downgraded Pakistan's long-term local and foreign currency issuer and senior unsecured debt ratings from 'B3' to 'Caa1', which are seven notches below investment grade, and maintained the 'negative' outlook on the ratings. It attributed the downgrade to the growing risks to Pakistan's liquidity position and external vulnerability, as well as to rising debt sustainability risks, following the devastating floods that caused the significant loss of lives and livelihoods. It considered that, in the absence of access to market financing at affordable cost, Pakistan will remain highly reliant on financing from multilateral and official creditors to meet its debt payments. It indicated that the floods have substantial negative implications on the country's growth prospects, public finances, the balance of payments, and social risks. Also, it considered that the government will not be able to meet its outstanding debt payments without some debt restructuring, and noted that the Ministry of Finance said that the country would seek debt relief from official creditors but would not seek to restructure its external debt. It added that reaching a deal with the International Monetary Fund would be contingent on the prospects of progress by Pakistani authorities on the current Extended Fund Facility program, as well as on their ability to maintain a credible policy path that supports additional financing.

Source: Moody's Investors Service

ARMENIA

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Armenia's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B+', respectively, and maintained the 'stable' outlook on the long-term ratings. It also affirmed the transfer and convertibility assessment at 'BB-'. It indicated that the 'stable' outlook balances its expectation of continued relatively robust economic growth, against risks of a more pronounced downturn of the Russian economy or an acceleration of the conflict with Azerbaijan. Further, it revised its forecast of the country's real GDP growth from 1.3% to 8.6% in 2022, due to strong domestic demand driven by the arrival of Russian citizens to Armenia and to capital inflows, and the resulting benefits to fiscal buffers. It considered that a mixture of ongoing structural reforms and robust domestic demand, including investments, will support economic growth in the medium term. In addition, it noted that strong nominal GDP growth, a narrower fiscal deficit in 2022, and the appreciation of the Armenian dram have helped reduce the government's debt level from 63.5% of GDP in 2020 to 48.4% of GDP in 2022, and forecast it to stabilize at about 50% of GDP in the coming three years. Further, it estimated the country's gross external financing needs at 115.3% and 115.8 % of current account receipts and usable reserves in 2022 and 2023, respectively. In parallel, it said that it may upgrade the ratings in the next 12 months if geopolitical tensions recede and/or in case of significantly higher current account receipts or a slower-than-expected accumulation of external debt.

Source: S&P Global Ratings

EGYPT

External financing needs at about $24bn annually in next three fiscal years

Goldman Sachs revised its projections for Egypt's gross external financing needs from $26bn annually to $24bn per year in the next three fiscal years. It indicated that the country's current account deficit narrowed from $18.44bn in the fiscal year that ended in June 2021 to $16.55bn in FY2021/22. Also, it forecast the current account deficit to narrow to $14.4bn in FY2024/25, in case the trade deficit stabilizes and if tourism and Suez Canal receipts continue to rise. However, it anticipated that Egypt's gross external financing requirements will remain elevated in the near to medium terms, mainly due to rising repayments of medium- to long-term debt. It projected gross external financing needs to rise from $22.1bn in FY2022/23 to $24.5bn in FY2023/24 and $25bn in FY2024/25. It expected authorities to attract about $22.2bn annually in financing from foreign direct investments, sovereign issuance, portfolio inflows, and medium- to long-term borrowing from bilateral and multilateral sources, which would result in a cumulative funding gap of $5bn over the next three years. It expected the authorities to bridge the funding gap with a new program with the International Monetary Fund (IMF), which the government is likely to finalize in the coming weeks. In parallel, it considered that there are uncertainties about the size of the IMF's potential three-year Extended Fund Facility, but estimated that Egypt will require nearly $15bn in financial support, even though the country's funding gap is $5bn. It attributed its estimate to expectations that the IMF will require in any future program the significant accumulation of foreign currency reserves.

Source: Goldman Sachs

WORLD

FSB proposes recommendations for the regulation, supervision and oversight of crypto-assets

The Financial Stability Board indicated that the evolution of crypto-assets represents a threat to global financial stability in the absence of adequate regulations, due to their rising market size, their structural vulnerabilities, and their increasing linkages with the traditional financial system. It indicated that authorities need to regulate, supervise, and oversee crypto-assets activities and the associated issuers and service providers that have the potential to pose risks to financial stability. As a result, it first urged authorities to cooperate and coordinate with each other, domestically and internationally, to foster efficient and effective communication and share information in order to encourage consistency of regulatory and supervisory outcomes. Second, it noted that authorities should require crypto-asset issuers and service providers to disclose an effective risk management framework that comprehensively addresses all material risks associated with their activities. Third, it urged authorities to require crypto-asset issuers and service providers to disclose to users and relevant stakeholders comprehensive, clear and transparent information about their operations, risk profiles and financial conditions. Fourth, it indicated that authorities should identify and monitor the relevant linkages within the crypto-asset ecosystem, as well as between the latter and the wider financial system, and should address financial stability risks that arise from these linkages and interdependencies. Further, it noted that the challenges to regulating and supervising crypto-asset activities and markets arise from the treatment of crypto-assets and activities that may not be within the regulatory scope of the jurisdiction, from the enforcement of rules when activities are not compliant with applicable regulations, and from the risks associated with certain underlying technologies of crypto-asset activities.

Source: Financial Stability Board

SAUDI ARABIA

Bank lending to grow by 15% in 2022

S&P Global Ratings indicated that the lending of Saudi banks to the private sector expanded by 8.5% in the first half of 2022, due to stronger-than-expected mortgage growth and a pick-up in demand for corporate credit driven by projects related to the Vision 2030 plan. It expected the increase in lending to continue in the second half of the year and projected the banks' aggregate credit to grow by about 15% in 2022. Further, it said that the strong rebound in economic activity in the Kingdom kept the banking sector's aggregate cost of risk at about 46 basis points (bps), and the share of Stage 3 loans at about 2%. It expected the banks' cost of risk to increase by 70 bps to 80 bps in the second half of the year due to the reclassification of some loans. Also, it estimated the banks' non-performing loans coverage at between 160% and 170% in 2022. It pointed out that the dual rebound in oil production and oil prices supported the Saudi banking sector, while spillovers from the global economic slowdown, higher interest rates, and the increasing risk of recessions in the U.S. and Europe could weigh on the operating environment of Saudi banks, mainly if oil prices drop. In parallel, S&P forecast the banks' aggregate return on assets to stabilize at 1.9% to 2.1% annually in the near term.

Source: S&P Global Ratings

GHANA

Banking sector exposed to elevated credit risks

Moody's Investors Service indicated that the 'very weak' macro profile of Ghana's banking system balances the strong growth potential of the country's economy supported by commodity exports, against the small size of the economy, low income levels and high exposure to commodity prices. It said that the banking sector is exposed to elevated credit risks with high problem loans, and that any potential buildup of government arrears will further weigh on the sector's credit conditions, as these dues reduce the capacity of government contractors to repay their loans to banks. It pointed out that the average lending rate grew from 20.6% in March 2022 to 24.3% in June 2022, and expected the rates to rise further in the next few months due to high inflation rates and to the increase in the government's borrowing costs. It added that Bank of Ghana raised its policy rate by 300 basis points to 22% on August 17, 2022. Also, it stated that the sector's non-performing loans (NPLs) ratio was 14.1% at the end of June 2022, and attributed this level to the large concentration of bank loans to single borrowers and sectors. It expected that the impact of higher inflation and interest rates on borrowers' capacity to repay their loans would increase the banks' NPLs in the next few quarters. Further, it noted that the banking sector is exposed to exchange rate risks, as foreign currency loans accounted for 28% of total loans at the end of June 2022 and given the Ghanaian cedi's recent steep depreciation. In parallel, it said that Ghanaian banks rely mainly on deposits and capital to fund their lending, while the net loans-to-deposits ratio stood at 47% at the end of March 2022, reflecting the banks' sufficient internal funding capacity.

Source: Moody's Investors Service

TÜRKIYE

Banking sector facing challenging operating environment

Goldman Sachs considered that the challenging macroeconomic conditions and the unorthodox monetary policy of the Central Bank of the Republic of Türkiye (CBRT) continue to weigh on investor sentiment and on the strength of the Turkish banking sector. It said that the CBRT's cumulative reduction by 200 basis points of its policy rate that reached 12% as at September 22, 2022, along with higher inflation rates in the country, led to a decrease in investor confidence and to a weaker Turkish lira. It forecast the inflation rate to average 75% in 2022 and 40% in 2023, while it projected real GDP growth to decelerate from an estimated 5.5% in 2022 to 3% between 2023 and 2025, as it expected the macroeconomic environment in the country to be challenging in the coming quarters. It noted that the banks' lending increased by 68% at end-August 2022 from the same month last year, with loans denominated in lira expanding by 68% at end-August 2022 from a year earlier, and foreign-currency loans, mainly in US dollars, contracting by 19% in the covered period. Also, it indicated that the banks' aggregate deposits expanded by 94% at end-August 2022 from the same month of 2021, as deposits denominated in local currency surged by 101%, and foreign currency deposits, mainly in dollars, contracted by 9% year-on-year at end-August 2022. As a result, it noted that the sector's loans-to-deposits ratio in all currencies decreased from nearly 100% at end-September 2021 to 84% at end-September 2022.

Source: Goldman Sachs

Oil prices to average $102 p/b in 2022

ICE Brent crude oil front-month prices have been volatile in the first two weeks of October 2022, trading at between $88.9 per barrel (p/b) and $97.9 p/b, due to several factors. Global tight supply and the decision of OPEC+ to cut production are supporting oil prices, while fears of a global recession, further tightening of monetary policy worldwide, as well as the surge in COVID-19 cases in China are weighing on oil prices. In parallel, the U.S. Energy Information Administration revised downward its forecast for global oil production by 0.6 million barrels per day (b/d) to 100.7 million b/d for 2023, due to the decision of OPEC+ members to reduce output, as well as to lower crude oil production in the United States. Also, it reduced its projection for global oil consumption by 0.5 million b/d to 101 million b/d next year to reflect slower economic activity worldwide. As such, it expected global oil markets to be relatively balanced in 2023. It said that crude oil prices have been subject to high levels of uncertainties due to geopolitical factors, uncertain OPEC+ production levels, and concerns that a global recession could reduce crude oil demand. It considered that potential petroleum supply disruptions and slower-than-expected crude oil production growth could lead to higher oil prices, while the possibility of slower-than-forecast economic growth may contribute to lower prices. It anticipated a major decrease in oil production in the fourth quarter of 2023 and forecast Brent prices to end higher than previously expected in the last quarter. In addition, it projected oil prices to average $102.1 p/b in 2022 and $94.6 p/b in 2023.
Source: U.S. Energy Information Administration, Refinitiv, Byblos Research

OPEC's oil basket price down 6.5% in September 2022

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $95.32 per barrel (p/b) in September 2022, constituting a decrease of 6.5% from $101.9 p/b in August 2022 and a rise of 29% from $73.88 p/b in September 2021. Saudi Arabia's Arab Light prices was $99.33 p/b, followed by Kuwait Export at $98.69 p/b, and Iran Heavy at $97.18 p/b. All prices in the OPEC basket posted monthly decreases of between $5.06 p/b and $13.73 p/b in September 2022.
Source: OPEC

Global natural gas output at 4,089 billion bcm in 2022

The International Energy Agency projected global natural gas production to reach 4,089 billion cubic meters (bcm) in 2022, and to decrease by 20 bcm, or 0.5%, from 4,109 bcm in 2021. It forecast production of natural gas in North America at 1,212 bcm in 2022, or 29.6% of the world's aggregate output, followed by Eurasia with 841 bcm (20.6%), the Middle East with 715 bcm (17.5%), Asia Pacific with 669 bcm (16.4%), Africa with 270 bcm (6.6%), Europe with 232 bcm (5.7%), and Central & South America with 149 bcm (3.6%).
Source: International Energy Agency, Byblos Research

OPEC oil output up 0.5% in September 2022

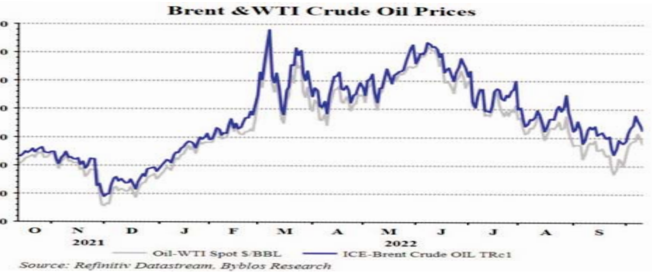
Members of OPEC, based on secondary sources, produced 29.8 million barrels of oil per day (b/d) on average in September 2022, constituting an increase of 0.5% from 29.6 million b/d in August 2022. Saudi Arabia produced 11 million b/d, or 37% of OPEC's total output, followed by Iraq with 4.5 million b/d (15.2%), the UAE with 3.2 million b/d (10.7%), Kuwait with 2.8 million b/d (9.5%), and Iran with 2.6 million b/d (8.6%).
Source: OPEC

Base Metals: Nickel prices to average $22,500 per ton in fourth quarter of 2022

The LME cash prices of nickel averaged $26,287.2 per ton in the year-to-October 12, 2022 period, constituting a surge of 45.8% from an average of $18,029 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 $22,142 per ton on October 12, 2022 due to the imposition of COVID-19-related lockdowns in China, which weighed on demand for the metal, as well as to widespread expectations of a downturn in economic growth. In parallel, Citi Research projected the total refined supply of nickel at 3.2 million tons in 2022 relative to 2.7 million tons in 2021, and forecast global demand at 3.04 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 the U.S. and Europe in the near term, and weaker-than-expected demand from producers of stainless steel and from the electric vehicles (EV) sector, would pose downside risks to the metal's price. In contrast, it considered that supply disruptions and stronger growth in EVs due to milder European and U.S. recessions would support nickel's prices. Also, it forecast nickel prices to average $22,500 per ton in the fourth quarter and $25,495 a ton in full year 2022.
Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Palladium prices to average $2,200 per ounce in fourth quarter of 2022

The prices of palladium averaged $2,169.4 per troy ounce in the year-to-October 12, 2022 period, constituting a decline of 14.2% from an average of $2,528 an ounce in the same period last year. Also, prices decreased from an all-time high of $3,015 per troy ounce on March 7, 2022, following Russian's military invasion of Ukraine, to $2,125 per troy ounce on October 12 of this year, due to global chip shortages and to the substitution of palladium to platinum in catalytic converters. In parallel, Citi Research anticipated the supply of refined palladium at 6.4 million ounces in 2022 relative to 6.9 million ounces in 2021, and forecast demand for the metal at 10.1 million ounces this year compared to 9.9 million ounces in 2021. Further, it expected palladium prices to peak during the first half of 2023 due to the recovery in microcontroller chip supply to the global automotive industry and to elevated geopolitical risk premium, as Russia accounts for nearly 40% of the metal's global mine production. Also, it anticipated palladium prices to decline in the second half of next year, driven by the decline in demand for catalytic converters due to the substitution of palladium to platinum in the production of electrical vehicles batteries, as about 80% of demand for palladium originates from the automotive sector, where the metal is used as a key component of pollution-control devices in vehicles. Moreover, it forecast palladium prices to average $2,200 per ounce in the fourth quarter of 2022 and $2,175 an ounce in full year 2022.
Source: Citi Research, Refinitiv, Byblos Research



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 (%)
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	Caa2 RfD	CC -	- -	-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 Positive	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-	Caa1	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+								
	Stable	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	02-Nov-22
Eurozone	Refi Rate	1.25	08-Sep-22	Raised 75bps	27-Oct-22
UK	Bank Rate	2.25	22-Sep-22	Raised 50bps	03-Nov-22
Japan	O/N Call Rate	-0.10	22-Sep-22	No change	28-Oct-22
Australia	Cash Rate	2.60	04-Oct-22	Raised 25bps	N/A
New Zealand	Cash Rate	3.50	05-Oct-22	Raised 50bps	01-Nov-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	1.00	28-Sep-22	Raised 25bps	30-Nov-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	22-Sep-22	No change	03-Nov-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	8.25	29-Sept-22	Raised 75bps	N/A
Nigeria	Monetary Policy Rate	15.5	27-Sep-22	Raised 150bps	25-Nov-22
Ghana	Prime Rate	24.50	07-Oct-22	Raised 250bps	28-Nov-22
Angola	Base Rate	19.50	26-Sep-22	Cut 50bps	25-Nov-22
Mexico	Target Rate	9.25	29-Sep-22	Raised 75bps	10-Nov-22
Brazil	Selic Rate	13.75	21-Sep-22	No change	26-Oct-22
Armenia	Refi Rate	10.00	13-Sept-22	Raised 50bps	01-Nov-22
Romania	Policy Rate	6.25	05-Oct-22	Raised 75bps	08-Nov-22
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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