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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

IPOs at $14.7bn in first nine months of 2022

Figures released by EY indicate that capital raised through initial public offerings (IPOs) in the Middle East & North Africa (MENA) region totaled $14.7bn in the first nine months of 2022, constituting a surge of 550.4% from $2.3bn in the same period of 2021. There were 31 IPOs in the region in the covered period, up from eight IPOs in the same period of 2021. IPOs in the MENA region totaled $3.96bn in the first quarter, $9.2bn in the second quarter, and $1.5bn in the third quarter of 2022, while 15 listings took place in the first quarter, nine firms floated their shares in the second quarter, and seven IPOs materialized in the third quarter of the year. Capital raised through IPOs in the MENA region accounted for 10.1% of the total capital raised through IPOs worldwide, while the number of IPO deals in the region represented 3.1% of the number of global listings in the first nine months of this year. In parallel, the utilities sector attracted $6.1bn in capital and accounted for 41.4% of capital raised through IPOs in the region in the first nine months of 2022, followed by the chemicals industry with $2bn (13.6%), consumer staples companies with $1.9bn (12.8%), the transportation sector with $1bn (7%), real estate firms with $871m (6%), and the technology sector with $831m (5.6%), while other sectors raised the remaining 13.8%. Also, there were 15 IPOs in Saudi Arabia in the 12-months ending September 2022, followed by seven IPOs in the UAE, two IPOs in each of Egypt, Morocco and Oman, and one IPO in Tunisia.
Source: EY, Byblos Research

More than 25% of consumers use digital wallets for e-commerce shopping

A survey on e-commerce and digital payments in Bahrain, Egypt, Jordan, Kuwait, Qatar, Saudi Arabia and the UAE indicated that 13% of surveyed consumers whose monthly income is equivalent to $5,333 or more have shopped online on a daily basis in 2022, relative to 9% of participants with a salary of $2,666 to $5,332 per month, 7.5% of respondents whose monthly wages are less than $1,600, and 6% of surveyed persons whose income is between $1,600 and $2,665 per month who have shopped online daily. In comparison, it showed that 42.5% of the survey's participants whose salary is less than $1,600 have shopped online on a monthly basis in 2022, compared to 33% of surveyed consumers who earn between $1,600 and $2,665 per month, 30.5% of respondents whose income is between $2,666 and $5,332 per month, and 28% of surveyed persons whose monthly salary exceeds $5,333. In parallel, it noted that 26% of buyers in Saudi Arabia prefer to pay for their e-commerce purchases using their digital wallets, compared to 23% of shoppers in Egypt, 17% of customers in Bahrain, 14% of consumers in Jordan and the UAE, 11% of purchasers in Kuwait, and 10% of buyers in Qatar who favor this payment method. It pointed out that 26% of consumers in the seven Arab countries said that they have been using their digital wallets for e-commerce transactions in 2022 compared to 17% of shoppers in 2020. 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

Arab world outperforms developing economies in mobile cellular penetration

Figures released by the International Telecommunication Union indicate that the penetration rate of mobile cellular lines in 17 Arab countries reached 111.4 lines per 100 inhabitants at the end of 2021, up from 109.5 lines per 100 inhabitants at end-2020, and compared to 115.6 lines per 100 inhabitants globally. The mobile cellular penetration rate in the Arab region was higher than in South Asia (108 mobile cellular lines per 100 inhabitants), Sub-Saharan Africa (100) and North America (96.5), while it was lower than in East Asia & Pacific (127.6), Europe & Central Asia (120), and Latin America & the Caribbean (115). Also, the penetration rate of cellular lines was 194.7 lines per 100 inhabitants in the UAE, followed by Kuwait (162.8), Qatar (144.2), Mauritania (141.1), and Morocco (139.3), constituting the highest mobile cellular penetration rates in the Arab world. In parallel, the penetration rate of fixed telephone lines in 16 Arab countries stood at 10.6 lines per 100 inhabitants at end-2021, up from 10.4 lines per 100 inhabitants at end-2020, and relative to 16.6 lines per 100 inhabitants globally. The fixed telephone lines penetration rate in the Arab region was higher than in South Asia (3.6 fixed telephone lines per 100 inhabitants) and Sub-Saharan Africa (2.8), while it was lower than in North America (31.3), Europe & Central Asia (27.1), East Asia & Pacific (18.2), and Latin America & the Caribbean (14.8%). Also, the penetration rate of fixed telephone lines was 24 lines per 100 inhabitants in the UAE, followed by Saudi Arabia (18.3), Bahrain (18.2), Qatar (17.1), and Tunisia (13.5), the highest penetration rates of lines in the Arab world.
Source: International Telecommunication Union, Byblos Research

IRAQ

Profits of listed firms up 3% to $210.6m in first half of 2022

The cumulative unaudited pre-tax profits of 80 out of 132 companies listed on the Iraq Stock Exchange totaled IQD311.6bn in the first half of 2022, constituting an increase of 3.4% from IQD301.2bn in the same period of 2021. In US dollar terms, the profits of the listed companies reached $210.6m in the first half of the year and grew by 3.4% from $203.6m in the first half of 2021. The dollar figures reflect the prevailing market exchange rate that depreciated from an average of IQD1,4789 per US dollar in the first half of 2021 to IQD1,479.4 per dollar in the same period of 2022. Listed telecommunications companies generated $103.8m in profits in the first half of 2022 and accounted for 49.3% of the total, followed by banks with $90.8m (43%), industrial firms with $11.2m (5.3%), companies in the hotels & tourism sector with $3.8m (1.8%), insurers with $0.8m (0.4%), and services providers with $0.3m (0.1%); while investment companies posted losses of $0.03m in the covered period. Further, the net income of listed banks surged by 87.7% in the first half of 2022 from the same period of 2021, followed by the earnings of services providers (+54.6%) and the profits of companies in the hotels & tourism sector (+43.5%). In contrast, the earnings of industrial firms dropped by 30.7%, followed by the net income of insurers (-30%), and the profits of telecommunications firms (-22.6%). Also, agricultural firms shifted from net profits of $0.87m in the first half of 2021 to losses of $0.14m in the same period of 2022.
Source: Iraq Stock Exchange, Byblos Research

OUTLOOK

AFRICA

Trade in goods to rise by $26bn annually in West Africa with better access to trade finance

A survey by the World Trade Organization and the International Finance Corporation indicated that Côte d'Ivoire, Ghana, Nigeria, and Senegal are making progress in integrating their economies in the global economy through international trade, but estimated the trade finance gap of the four countries at $14bn of annual unmet demand in 2021, based on the rejection rate of trade finance applications by banks in these countries. It calculated the trade finance gap in Nigeria at $7bn of annual unmet demand in 2021, at $3bn for each of Côte d'Ivoire and Ghana, and at $1bn for Senegal. It noted that the number of firms in these countries that are participating in international markets is growing and that exporters are becoming more competitive, as they are developing new products and are reaching new destinations. As such, it expected the trade in goods to rise in the four African countries by $26bn annually, or by 16% on average per year, in the near term, if the coverage of trade by bank-intermediated trade finance rises and the fees related to trade finance are reduced to international benchmark levels. It said that trade finance in these countries financed only 25% of merchandise trade in 2021, far below the African average of 40% and the global average of between 60% and 80% of merchandise trade supported by trade finance.

Further, the survey identified several measures that would increase the usage of trade finance in the four countries. First, it noted that banks in these countries need to adopt new instruments along with traditional ones to execute trade finance, such as incorporating some form of digitization that would reduce the cost of trade and track transactions rapidly. Second, it considered that the implementation of the African Continental Free Trade Area would help increase the number of trade corridors and the volume of goods that move through them. Third, it said that governments and development finance institutions could support local financial institutions and small- and medium-sized enterprises by increasing capacity building and boosting market intelligence on new opportunities across sectors, products and structures. Fourth, it pointed out that strengthening the relationships of banks with correspondent banks, making more data available to support decision-making, and enforcing effective rules for collateral could significantly broaden access to trade finance.

Source: WTO, IFC

GCC

Positive economic outlook mitigated by global headwinds

Citi Research projected real GDP growth in the countries of the Gulf Cooperation Council (GCC) at about 8% in 2022, mainly due to stronger-than-expected activity in Qatar and the UAE, and despite the recent OPEC+ agreement to cut oil production starting in November. It indicated that, while the new output targets for most members of the OPEC+ alliance will still be above their current production levels, Kuwait, Saudi Arabia and the UAE will have to make relatively large cuts to their oil output. As such, it revised downwards its projection for real GDP growth in the GCC region from 4.5% to 2.9% in 2023, mainly due to weaker global economic activity and the oil output cuts. It also forecast activity in the GCC countries' oil sector to expand by 2.6% in 2023 and for real non-hydrocarbon GDP to grow by 3.1% next year. It projected real GDP growth at 3.1% in each of Saudi Arabia and the UAE, at 2.8% in Bahrain, at 2.7% in Oman, at 2.3% in Qatar, and at 2.1% in Kuwait in 2023.

In parallel, it projected the aggregate fiscal surplus of GCC countries to regress from 4.5% of GDP in 2022, to about 3% of GDP in 2023. In addition, it forecast the region's aggregate current account surplus to decline from 16.5% of GDP in 2022 to 13% of GDP in 2023, as it projected oil prices at $88 per barrel (p/b) in 2023 relative to an earlier forecast of $75p/b for next year.

Citi considered that downside risks to the economic prospects of GCC countries include uncertainties about the global economic recovery, the ongoing geopolitical re-alignment of energy supplies in the wake of Russia's war on Ukraine, and the possibility of political reactions to the OPEC+ oil production cuts.

Source: Citi Research

UAE

Non-oil sector real GDP growth to average 3.7% in 2022-23 period

The National Bank of Kuwait (NBK) projected real GDP growth in the United Arab Emirates (UAE) at 5.3% in 2022, the strongest expansion since 2016, driven by the strong rebound in tourism activity, robust demand for real estate, high global oil prices, and rising oil production. It expected growth to moderate to 3% in 2023, supported by the UAE's position as a leading hub for regional business activity and investments, the country's developed infrastructure, the government's pro-growth initiatives, and plans to ramp up capacity in the hydrocarbon sector. It projected activity in the oil sector to expand by 8.7% this year and by 1.7% next year; while it forecast real non-oil GDP growth at 4% in 2022, supported by the strong rebound in tourism activity, spillovers from the upcoming 2022 World Cup in Qatar, and rising demand for real estate. It anticipated activity in the non-oil sector to moderate to 3.4% in 2023 due to weaker global growth, lower oil prices, and rising interest rates.

In parallel, it projected the UAE's fiscal surplus at 9% of GDP in 2022 and 6.4% of GDP in 2023. It anticipated public expenditures to increase by an average of 5% annually in the 2022-23 period, and for public revenues to benefit from the still-high oil prices and from the 9% tax on corporate earnings that will go into effect in June 2023 and that would result in estimated annual receipts of between 1.5% of GDP to 2% of GDP. In addition, it forecast the current account surplus at 21% of GDP in 2022 and 14.2% of GDP in 2023, and expected that the $1 trillion dollars in combined assets of the sovereign wealth funds Abu Dhabi Investment Authority and Mubadala Investment Company will provide a buffer against potential external shocks.

Further, it considered that risks to the UAE's outlook include the country's high exposure to a potentially sharp slowdown in global growth, tighter financial conditions, a loss in competitiveness due to the strong dirham, the rollover of the debt of government-related entities, and a flare up in regional geopolitical tensions. In contrast, it said that the main upside risk is higher oil prices that would boost regional growth, investor sentiment, and liquidity.

Source: National Bank of Kuwait

EGYPT

IMF reaches $3bn agreement on reforms, stresses move to flexible exchange rate regime

The International Monetary Fund (IMF) announced that it has reached a staff-level agreement with the Egyptian authorities on a 46-month Extended Fund Facility (EFF) of $3bn to support comprehensive economic policies and reforms. It said the EFF aims to provide Egypt with balance of payments and budget support to maintain economic stability, address macroeconomic imbalances, protect livelihoods, and push forward deep structural and governance reforms to promote private sector-led growth and job creation. Also, it expected multilateral institutions and Egypt's regional partners to provide additional financing of about $5bn for the fiscal year that ends in June 2023, which will help strengthen the country's external position. It noted that the Central Bank of Egypt's (CBE) move to a flexible exchange rate regime is a significant step to address external imbalances, boost the country's competitiveness, and attract foreign direct investments. It considered that the authorities' commitment to a flexible exchange rate will be essential to rebuild and safeguard Egypt's external resilience over the long term. It added that the EFF will support the CBE's efforts to improve the functioning of the foreign exchange market, increase foreign reserves, and improve monetary policy transmission. Further, the IMF indicated that the EFF aims to unlock Egypt's growth potential through broadening and deepening structural and governance reforms by reducing the state's footprint in the economy, adopting a more robust competition framework, enhancing transparency, and ensuring improved trade facilitation.

Source: International Monetary Fund

PAKISTAN

Sovereign ratings downgraded on rising external risks

Fitch Ratings downgraded Pakistan's short- and long-term foreign and local currency Issuer Default Ratings from 'B' and 'B-' to 'C' and 'CCC+', respectively. It also affirmed the country Ceiling at 'B-'. It attributed the downgrades to the deterioration of Pakistan's external liquidity and funding conditions and to the country's declining foreign currency reserves that decreased from $20bn at the end of August 2021 to $7.6bn on October 14, 2022. Further, it forecast the fiscal deficit to narrow from 7.9% of GDP in the fiscal year that ended in 2022 to 6.2% of GDP in FY22/23 due to lower spending and higher taxes. Also, it forecast the current account deficit to narrow from 4.6% of GDP in FY2021/22 to 2.7% of GDP in FY2022/23, driven by lower imports and commodity prices. But it noted that the widespread floods may undermine the authorities' effort to narrow the fiscal and current account deficits. Moreover, it considered that significant reform implementation risks, such as delays in lifting fuel subsidies and in adjusting electricity tariffs, could put at risk further disbursements from the International Monetary Fund. In parallel, the agency said that it could downgrade Pakistan's ratings if external liquidity and funding conditions deteriorate further, and/or in case the current account deficit widens. But it noted that it could upgrade the ratings if the country's foreign currency reserves increase, and/or if external financing risks recede.

Source: Fitch Ratings

ANGOLA

Outlook changed to 'positive' on improving fiscal and debt metrics

Moody's Investors Service affirmed Angola's long-term foreign and local currency issuer ratings at 'B3', and revised the outlook on the long-term ratings from 'stable' to 'positive'. Also, it affirmed the local and foreign currency country ceiling at 'B1' and 'B3', respectively. It attributed the outlook revision to Angola's improving fiscal and debt metrics, supported by elevated oil prices and continuing fiscal consolidation. It added that the sustained improvement in Angola's external position and the decline of the country's liquidity risks provide the authorities with the necessary space to increase official foreign currency reserves and to continue implementing their policy of reducing the public debt. It added that the rebuilding of buffers will allow the government to take further measures to solidify its fiscal strength and to limit its vulnerability to oil price fluctuations. Also, it projected the current account surplus to improve from 11.2% of GDP in 2021 to 11.9% of GDP in 2022 and to average at 6.8% of GDP in the 2023-2025 period, supported in part by the government's import substitution initiative. In parallel, it attributed the affirmation of the ratings to Angola's improving fiscal and current account positions. But, it pointed out that the ratings are constrained by the country's vulnerability to oil shocks, due to its rigid economic structure and weak institutional capacity. In parallel, the agency said that it could upgrade the ratings if fiscal metrics continue to improve, if liquidity and funding risks recede more than the agency's expectations, if foreign exchange reserves increase sustainably, and if the non-oil sector's growth rate accelerates. But, it noted that it could downgrade the ratings in case of external shocks, if a change in the fiscal policy stance exacerbates the public debt burden, or in case authorities reverse their fiscal consolidation efforts.

Source: Moody's Investors Service

NIGERIA

Sovereign ratings downgraded on deteriorating government finances and external position

Moody's Investors Service downgraded Nigeria's long-term local and foreign currency issuer ratings and foreign currency senior unsecured debt ratings from 'B2' to 'B3', three notches below investment grade, and placed them on review for further downgrade. Also, it downgraded the local currency country ceiling from 'Ba3' to 'B1' and the foreign currency country ceiling from 'B2' to 'B3'. It attributed the downgrades to Nigeria's deteriorating government finances and weakening external position, which has increased the pressure on the sovereign credit profile despite the elevated global oil price environment. Also, the agency considered that low oil production in 2022 and the government's ongoing energy subsidies will limit the benefits of elevated oil prices. It indicated that weaker oil revenues, rising borrowing costs and higher interest rates globally continue to limit the authorities' policy space. In parallel, it said that its placement of the ratings on review for downgrade takes into account higher external and fiscal risks, which, in turn, will constrain the government's access to funding. It pointed out that the review will focus on the authorities' policy response to ease external and fiscal pressures, including their strategy to manage debt service obligations and foreign exchange reserves.

Source: Moody's Investors Service

OMAN

Banking sector has adequate funding and liquidity

Moody's Investors Service indicated that the credit profile of banks in Oman is underpinned by 'moderate' economic and institutional strength, as well as by 'moderate' susceptibility to event risks. It noted that Oman's 'weak+' banking system's macro profile balances the adequate funding and liquidity buffers in the system against a high level of credit concentration. Also, it noted that the banks' heavy economic and fiscal reliance on the oil and gas sector, as well as a track record of limited capacity to adjust to shocks, resulted in a weak macroeconomic profile. It said that the Central Bank of Oman's (CBO) conservative regulatory framework and a relatively low level of private sector debt reduce risks to financial stability from the high level of credit concentrations. It pointed out that the CBO imposes on banks strict limits on foreign-currency exposure, on risks associated with retail lending, as well as on debt ratios, balance sheet mismatches and cash dividend distribution. Further, it considered that the real estate and construction sectors pose downside risks to the banks' asset quality, as loans to these sectors accounted for 33% of the banks' lending portfolio at end-2021. In parallel, it expected Omani banks to remain primarily deposit-funded, reflecting the continued material reliance on large government-related deposits that represented 32% of deposits at end-June 2022. Also, it anticipated that the conservative regulatory framework will limit the sector's reliance on market funding, which was equivalent to 12% of tangible banking assets at end-June 2022. It noted that Omani banks benefit from sound liquidity buffers, as the banks' liquid assets stood at 23% of tangible assets at end-June 2022.

Source: Moody's Investors Service

TUNISIA

Banks' profitability mitigates operational risks

Fitch Ratings indicated that lower impairment charges and rising interest rates supported the strong rebound in the profitability of Tunisian banks in the first half of 2022, and would help mitigate weaker operating conditions. It said that the sector's return on equity stood at to 16% annually in June 2022 compared to 10% in 2021. It noted that the Central Bank of Tunisia raised its key interest rate by 25 basis points to 7.25% on October 5, 2022, and expected it to continue to raise rates due to persistent high inflation rates and the depreciation of the Tunisian dinar against the US dollar. Further, it pointed out that the ratio of impaired loans at the largest banks increased from 10.2% at end-2021 to 11.7% at end- June 2022, but added that the coverage of impaired loans stood at 68% at end-June 2022, in line with revised regulatory guidance on the calculation of provisions. Also, it noted that the sector's average Tier One capital ratio reached 11.6% at end-June 2022, which provides limited buffers to the banks, given their high operating risks, elevated exposure to the Tunisian sovereign, and high single-name borrower concentrations. In parallel, it pointed out that the liquidity conditions of banks have eased in recent months due to the increase in customer deposits, while banks have been lending more cautiously as their average loans-to-deposits ratio regressed from 114% at end-2021 to 111% at end-June 2022. It cautioned that a slowdown in the banks' deposit growth, along with increased funding demands from the government, could trigger renewed liquidity pressures.

Source: Fitch Ratings

ARMENIA

Economic growth to support banks' performance

S&P Global Ratings maintained Armenia's banking sector in 'Group 8' under its Banking Industry Country Risk Assessment (BICRA) and kept the economic and industry risk scores at '8'. The BICRA framework evaluates banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 8' include Costa Rica, Georgia, Honduras, Jamaica, Jordan, and Paraguay. It indicated that Armenia's economic risk score reflects an "intermediate risk" in its economic imbalances, "very high risk" in its economic resilience, and "extremely high" credit risks in the economy. Further, it revised the country's economic risk trend from 'negative' to 'stable'. It said that the strong economic growth so far this year has mitigated immediate risks to the banking sector as a result of the recession in Russia, the country's most important trading partner. In parallel, it said that the banking sector's industry score reflects the country's "high risk" in its competitive dynamics, as well as "very high risk" in its institutional framework and system-wide funding. It noted that the sanctions that Western economies imposed on Russia resulted in sharp deposit inflows to the Armenian banks, with deposits in foreign currency increasing by nearly $900m by August 2022. As such, it said that the substantial increase in fees and commission income, as a result of the surge in demand for currency conversion and transaction services, is supporting the banks' profitability. In addition, it expected the Armenian banking sector's return on assets to reach 3.5% in full year 2022, up from an estimated 3.14% in the first half of 2022. Also, it indicated that the trend for the banking sector's industry risk remains 'stable'.

Source: S&P Global Ratings

NIGERIA

Currency could be devalued in 2023 despite current account surplus

Bank of America considered that the official exchange rate of the Nigerian naira is currently overvalued by 20% and expected it to be devalued by an equivalent percentage in the next six to nine months to NGN520 against the US dollar. It noted that limited government external borrowing could lead to shortages in foreign currency, which would put pressure on the naira in 2023. It said that Nigeria's current account surplus does not fully explain the dynamics of the exchange rate due to data quality issues, such as the large figure of the "errors and omissions" entry in the balance of payments accounts. Further, it indicated that the official market exchange rate has depreciated by less than 10% in recent months, while the parallel market rate has depreciated more substantially. It pointed out that the parallel market rate was trading at NGN740 per dollar in October 2022 compared to NGN565 per dollar in December 2021, while the official market rate was trading at NGN440 per dollar in October 2022 relative to NGN415 per dollar in December 2021. As such, it said that the spread between the two market rates widened from 30% in December 2021 to 70% in October 2022. In parallel, it pointed out that Nigeria's foreign currency reserves declined from a peak of $47bn at the end of March 2018 to $33bn at end-June 2021 and then increased to nearly $40bn at end-March 2022. It considered that the level of foreign currency reserves could provide the Central Bank of Nigeria a reason to delay and limit the currency adjustment measures that it introduced to manage the NAFEX exchange rate.

Source: Bank of America

Oil prices to average $95p/b in fourth quarter of 2022

ICE Brent crude oil front-month prices reached $95.7 per barrel (p/b) on October 26, 2022, constituting an increase of 8.8% from $88 p/b at the end of September 2022, mainly due to global tight supply, higher demand for crude oil globally, and a weaker dollar. Further, Goldman Sachs expected oil prices to increase in the first quarter of 2023 by nearly $30 p/b, as it anticipated the oil market to be in deficit following the decision of the OPEC+ coalition to cut oil production and due to low inventories worldwide. In parallel, Citi Research expected demand for oil to decrease in the near term amid a global slowdown in economic growth, elevated oil prices, and the persistent COVID-19 lockdown measures in China. Also, it indicated that the ban of the European Union on the import of Russian crude oil and petroleum products by the end of 2022 would affect the levels of global oil output, despite the U.S. announcement of a further release of 15 million barrels from the U.S. Strategic Petroleum Reserve. Moreover, it expected the internal tensions in Libya and Nigeria to lead to a decline in their oil production by 0.5 million barrels per day each. In addition, Refinitiv projected oil prices, through its latest crude oil price poll of 42 industry analysts, to average $95.2 p/b in the fourth quarter and $100.5 p/b in full year 2022.

Source: Goldman Sachs, Citi Research, Refinitiv, Byblos Research

Saudi Arabia's oil exports receipts up 60% in August 2022

Total oil exports from Saudi Arabia amounted to 9 million barrels per day (b/d) in August 2022, constituting increases of 2.2% from 8.8 million b/d in July 2022 and of 14% from 7.9 million b/d in August 2021. Further, oil export receipts reached $28.5bn in August 2022, down by 6.3% from $30.4bn in July 2022 and up by 60.2% from $17.8bn in August 2021.

Source: JODI, General Authority for Statistics, Byblos Research

Global steel output up 5% in September 2022

Global steel production reached 151.7 million tons in September 2022, constituting increases of 0.7% from 150.6 million tons in August 2022 and of 5% from 144.4 million tons in September 2021. Production in China totaled 87 million tons and accounted for 57.4% of global steel output in September 2022. India followed with 9.9 million tons, or 6.5% of the total, then Japan with 7.1 million tons (4.7%), the U.S. with 6.6 million tons (4.4%), Russia with 5.7 million tons (3.8%), and South Korea with 4.6 million tons (3%),

Source: World Steel Association, Byblos Research

Energy investments in MENA region projected at $879bn in 2022-26 period

APICORP projected total committed and planned investments in the MENA region's energy sector at about $879bn in the 2022-26 period. It forecast planned investments at $527bn, with the power sector accounting for 28% of the total, followed by the petrochemicals sector (27%), the oil industry (23%), and the gas sector (22%). In parallel, it estimated total committed investments at $352bn in the same period, with the oil sector accounting for 33% of such commitments, followed by the power industry and the gas sector (29% each), and the petrochemical industry (9%).

Source: APICORP, Byblos Research

Base Metals: Copper prices to average $7,000 per ton in fourth quarter of 2022

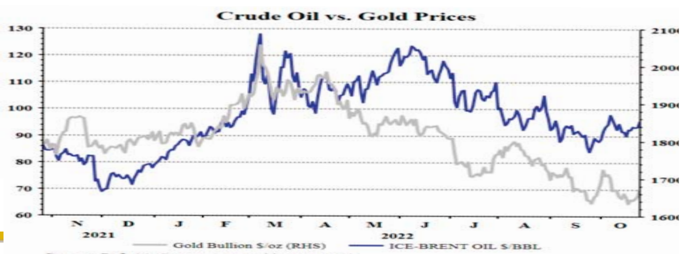
LME copper cash prices averaged $8,966 per ton in the year-to-October 26, 2022 period, constituting a decrease of 3% from an average of $9,243.3 a ton in the same period of 2021. Also, copper prices reached $7,886 per ton on October 26, 2022, down from the all-time high of $11,299.5 a ton on October 18, 2021, due mainly to the tightening of global monetary policy and a stronger US dollar. In parallel, the International Copper Study Group estimated the global demand for refined copper at 25.82 million tons in 2022, constituting an increase of 2.2% from 2021, and projected it to expand by 1.4% to 26.18 million tons in 2023. It revised its projection for global demand for copper excluding China from an expansion of 2.8% to an uptick of 1.8% in 2022, and from an increase of 3.9% to a growth of 2.5% in 2023, due to the deterioration in the global economic outlook as a result of elevated energy prices and high inflation rates. Further, it revised downward its forecast for global refined copper production from an expansion of 4.3% to a growth of 2.8% in 2022, due to unforeseen output constraints and longer-than-expected maintenance shutdowns in Brazil, Chile, Mexico, the United States, Zambia and some countries in Europe. Further, Citi Research projected copper prices to average $7,000 per ton in the fourth quarter of 2022 and $8,570 a ton in full year 2022.

Source: ICSG, Citi Research, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $825 per ounce in fourth quarter of 2022

Platinum prices averaged $953.3 per troy ounce in the year-to-October 26, 2022 period, constituting a decrease of 14.3% from an average of $1,111.7 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 $935 an ounce on October 26, 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 7.36 million ounces in 2022 and to increase by 4% from 7.07 million ounces in 2021. Also, it forecast the global supply of platinum to decrease from 8.07 million ounces in 2021 to 7.28 million ounces in 2022, or by 9.8%, with mine output representing 76.3% of global refined platinum production in 2022. In addition, it projected the metal's prices to decrease to $800 per ounce in the next three months, driven by higher interest rates, a strong US dollar and weaker demand, which it expected to be partly offset by a rebound in autocatalyst demand on improved chip supply and by the recovery in global growth. As such, it forecast platinum prices to average $825 per ounce in the fourth quarter of 2022 and $925 per ounce in full year 2022.

Source: Citi Research, Refinitiv, Byblos Research



Source: Refinitiv Datastream, 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 Positive	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	B3 RfD	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	CCC+	-								
	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	2.00	27-Oct-22	Raised 75bps	N/A
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	3.75	26-Oct-22	Raised 50bps	07-Dec-22
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Oct-22	No change	21-Nov-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	3.00	12-Oct-22	Raised 50bps	24-Nov-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	10.50	20-Oct-22	Cut 150bps	24-Nov-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	26-Oct-22	No change	N/A
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	27-Oct-22	No change	25-Nov-22
Kazakhstan	Repo Rate	16.00	24-Oct-22	Raised 150bps	05-Dec-22
Ukraine	Discount Rate	25.00	20-Oct-22	No change	08-Dec-22
Russia	Refi Rate	7.50	16-Sep-22	Cut 50bps	28-Oct-22

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