700 ISSUES+

Issue 740 | November 24, 2022

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Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

International tourist arrivals up 133% to 705 million in first nine months of 2022

Figures released by the United Nations World Tourism Organization show that international tourist arrivals reached 705.3 million in the first nine months of 2022, constituting a surge of 133% from 302.8 million global tourist arrivals in the same period of 2021 and a contraction of 37.4% from 112.6 million that international tourist arrivals in the first nine months of 2019. Also, international tourist arrivals to Europe totaled 476.4 million in the first nine months of 2022 and accounted for 67.5% of total arrivals, followed by the Americas with 109.6 million (15.5% of the total), Asia & the Pacific with 46.8 million (6.6%), the Middle East with 45.1 million (6.4%), and Africa with 27.4 million (4%). Further, the number of tourist arrivals to the Asia & Pacific region increased by 230% in the first nine months of 2022 from the same period last year, followed by a rise of 224.7% in arrivals to the Middle East, then to Africa (+140%), to Europe (+125.5%), and to the Americas (+106%). In parallel, tourist arrivals to the Asia & Pacific region dropped by 80.5% in the first nine months of 2022 from the same period of 2019, followed by a decline of 36.8% in arrivals to Africa, then to the Americas (-33.6%), to the Middle East (-22.6%), and to Europe (-19.4%). Also, it pointed out that international tourist arrivals decreased by 64% in January, by 57% in February, by 51% in March, by 43% in April, by 36% in May, by 32% in June, by 24% in July, by 25% in August, and by 27% in September from the corresponding months in 2019.

Source: World Tourism Organization

Level of females entrepreneurial activity varies by region

The Global Entrepreneurship Monitor for 2022, a joint research project between Babson College and the London Business School, shows that 10.6% of females worldwide were involved in early-stage business entrepreneurial activities in 2021 compared to 13.6% of males who managed new businesses. Regionally, 24% of females in Latin America & the Caribbean (LAC) started a new business, followed by 15.5% in North America, 12% in the Middle East & Africa (ME&A), 11.7% in Central & East Asia (CEA), and 6% in Europe, while 30.4% of males in LAC started a new business, followed by 21% in North America, 16.6% in the ME&A region, 16.2% in CEA, and 7.8% in Europe. In parallel, it indicated that 5.3% of females worldwide were running established firms, compared to 8.5% of males who were managing established companies. Regionally, 7.6% of females were managing established companies in CEA, followed by 7.1% in North America, 5.6% in Europe, 4.8% in LAC, and 3.2% in the ME&A region, while 13% of males were running established firms in CEA, followed by 10% in North America, 8.8% in LAC, 8.2% in Europe, and 7.3% in in the ME&A region. Further, 3.6% of females globally shut down their businesses, compared to 4.4% of males. Regionally, 8% of females in LAC discontinued their businesses, followed by 5.6% in the ME&A region, then 4.3% in CEA, 3.9% in North America, and 1.8% in Europe; while 7.8% of males shut down their businesses in the ME&A region, followed by 7% in LAC, 6% in North America, 5.1% in CEA, and 2.4% in Europe.

Source: Babson College, London Business School

EMERGING MARKETS

Sovereigns projected to issue $76bn in Eurobonds in 2023

Citi Research projected emerging market (EM) sovereigns to issue $76bn in foreign currency-denominated bonds in 2023, relative to an expected supply of $95bn in 2022. It forecast Emerging Asia to issue $34bn worth of Eurobonds in 2023 and to account for 44.7% of total EM Eurobonds, followed by Latin America with $20bn (26.3%), Emerging Europe (23.7%), and the Middle East with $5bn (6.6%). Also, it projected interest and principal repayments on foreign currency bonds to reach $109bn next year, down from $122bn in 2022. It expected Emerging Europe to redeem $30bn of its dues in 2023, which would represent 27.5% of total interest and principal repayments, followed by the Middle East with $26bn (24%), Latin America with $23bn (21%), Emerging Asia with $17bn (15.6%), Africa with $11bn (10%), and Russia & the Commonwealth of Independent States (CIS) with $1bn (1%). As such, it forecast EM Eurobonds issuance, net of interest payments and maturities, at -$32bn in 2023 relative to a net supply of -$27bn in 2022. It expected the Middle East to post a net negative supply position of -$21bn, followed by Emerging Europe with -$13bn, Africa with -$11bn, Latin America with-$4bn, and Russia & the CIS with -$1bn. In contrast, it projected Asia to register a net positive supply position of $17bn, since it estimated that China will issue $12bn in sovereign Eurobonds in 2023.

Source: Citi Research

GCC

Corporate earnings up 48% to $213bn in first nine months of 2022

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $213.4bn in the first nine months of 2022, constituting a surge of 48.2% from $144bn in the first nine months of 2021. The firms' net earnings totaled $38.4bn in the first quarter, $77.3bn in the second quarter, and $65.4bn in the third quarter of 2022. Listed companies in Saudi Arabia generated $161.2bn in profits, or 75.5% of total corporate earnings in the GCC in the first nine months of 2022, followed by listed firms in Abu Dhabi with $22bn (10.3%), Qatar with $10.8bn (5.1%), Dubai with $10.5bn (4.9%), Kuwait with $5.3bn (2.5%), Bahrain with $2.2bn (1%), and Oman with $1.4bn (0.7%). Further, the earnings of listed companies in Abu Dhabi jumped by 69.2% in the first nine months of 2022 from the same period last year, followed by the earnings of listed firms in Saudi Arabia (+56.5%), Dubai (+42%), Qatar (+21.3%), Oman (+16.7%), and Bahrain (+15.8%), while the profits of listed firms in Kuwait regressed by 40%. Also, the earnings of listed firms in the GCC energy sector reached $127.4bn and accounted for 60% of total corporate earnings in the first nine months of 2022, followed by the profits of listed banks with $33.1bn (15.6%), firms in the materials sector with $14.7bn (6.9%), utilities companies with $7.8bn (3.7%), capital goods firms with $7.4bn (3.5%). Also, the income of firms in the energy sector surged by $51.4bn in the first nine months of 2022, followed by the profits of the banking sector (+$6.6bn), the earnings of companies in the materials sector (+$2.9bn), and the income of capital goods firms (+$4.5bn).

Source: KAMCO, Byblos Research

OUTLOOK

WORLD

Insurance premiums to exceed $7 trillion in 2022

Global reinsurer Swiss Re projected global insurance premiums to contract by 0.2% in real terms in 2022, mainly due to the negative global macroeconomic backdrop, persistent but easing inflationary pressures, and volatile financial markets. Still, it forecast total premiums to reach an all-time high and to exceed $7 trillion this year. Also, it projected global insurance premiums to post a real growth rate of 1.5% in 2023 and to accelerate to 2.8% in 2024, lower than historical trend growth rates. It expected insurance premiums in emerging markets (EMs) to increase by 2.1% in real terms in 2022 and by 4.2% in the 2023-24 period, while it forecast premiums in advanced economies (AEs) to shrink by 0.8% in real terms this year and to grow by 1.6% in the next two years.

In parallel, it projected global non-life premiums to increase by 0.9% in real terms in 2022, due to slowing economic growth and high inflation rates worldwide. It forecast global non-life premiums to expand by 2.3% in real terms annually in the 2023-24 period, as it expected worldwide economic conditions to take time to normalize. It anticipated non-life premiums in EMs to grow by 2.7% in real terms in 2022 and by 4.1% in the next two years, while it estimated premiums in AEs to increase by 0.9% in real terms this year and by 2.3% in the 2023-24 period. It attributed the higher growth rates in EMs mainly to the rapid growth in lines of business such as healthcare, general liability and agribusiness. It also expected commercial lines, including workers' compensation, to continue to benefit the most from the ongoing "hardening" of rates and to expand faster than personal lines, excluding healthcare insurance, in the coming years.

Further, Swiss Re forecast global life premiums to contract by 1.9% in real terms in 2022, as it projected life premiums in EMs to grow by real rates of 0.9% and those in AEs to decline by 2.8% in real terms this year, mainly due to strong inflationary headwinds and declining purchasing power for households. It anticipated growth in global life premiums to rebound to 1.7% in the 2023-24 period, driven by a 4.3% expansion in EM life premiums and a 0.8% growth in AE life premiums in the next two years.
Source: Swiss Re

NIGERIA

Economic prospects dependent on fiscal reforms and capital flows

The International Monetary Fund (IMF) projected real GDP growth in Nigeria at 3% in 2022, mainly due to low oil production so far this year and to the adverse impact of the recent floods on the economy. In addition, it indicated that the inflation rate has reach a 17-year high of 21% annually in October 2022, and anticipated it to moderate at the end of 2022

In parallel, it projected the fiscal deficit to widen to 6.2% of GDP in 2022 and to exceed 6% of GDP in the medium term, mainly due to the cost of fuel subsidies and rising debt-servicing costs. As a result, it forecast the public debt level to rise to about 43% of GDP by the end of 2027. It considered that the debt level is sustainable, but anticipated debt servicing to absorb nearly half of public revenues, which makes the fiscal position highly vulnerable to real interest rate shocks. Also, it encouraged authorities to reduce their reliance on overdrafts from the Central Bank of Nigeria (CBN) to finance the fiscal deficit. Further, it anticipated that Nigeria's external balance will face pressures in the near term despite higher oil receipts, as it pointed out that elevated private non-resident deposit outflows surpassed net inflows by foreign investors, which has put downward pressure on foreign currency reserves. In addition, it expected that sustained foreign currency shortages, rising inflation rates, and limited debt-servicing capacity will fuel speculations about the devaluation of the naira and will limit much-needed capital inflows, encourage outflows, and constrain private sector investments. It reiterated the need to move towards a unified and market-clearing exchange rate by removing the various exchange rate windows at the CBN and by implementing supportive fiscal and monetary policies.

Further, the IMF considered that downside risks to the near-term outlook include the CBN's sustained financing of the fiscal deficit, as well as additional volatility in the exchange rate on the parallel market, which could exacerbate inflationary pressures.
Source: International Monetary Fund

QATAR

Non-hydrocarbon sector activity to support economy in 2022-23 period

The National Bank of Kuwait (NBK) projected Qatar's real GDP growth at 4.1% in 2022, mainly supported by a 6.3% expansion in the non-hydrocarbon economy on the back of increased tourism activity and related spending from the 2022 FIFA World Cup. Also, it expected hydrocarbon output to grow by 0.7% in 2022, given that production is already at capacity levels and that Qatar is not part of the OPEC+ group. It forecast real GDP growth to decelerate to 2.4% in 2023, as it anticipated activity in the non-oil sector to grow by 3.7% as the World Cup impetus recedes. It expected medium- to long-term growth prospects to be supported by substantial investments linked to the country's National Vision 2030 and the targeted completion of $30bn in gas megaprojects in 2027. But it considered that the hydrocarbon sector will revert to become the main growth engine from 2028 onwards. Further, it anticipated the average inflation rate at 4.3% in 2022 and expected it to moderate to 3.2% in 2023.

In parallel, it expected the fiscal balance to post a surplus of 16% of GDP in 2022, supported by higher energy prices, and forecast the surplus to decline to 9.2% of GDP in 2023. It considered that any further improvement in the fiscal balance would be constrained by Qatar's relatively small gas exports to Europe and long-term export contracts with fixed gas prices. In addition, it anticipated the current account surplus to decline from 18.8% of GDP in 2022 to 12.1% of GDP in 2023, in case of lower oil hydrocarbon receipts.

Further, NBK considered that near- to medium-term risks to the outlook include global factors, as well as logistical challenges relating to the 2022 FIFA World Cup, rising inflation rates, post-World Cup spare capacity, and delays in the execution of gas megaprojects. However, it expected Qatar's large external reserves, good progress on reforms, and solid credit rating to mitigate these risks in case they materialize.
Source: National Bank of Kuwait

ECONOMY & TRADE

UAE

Strong near-term economic outlook

The International Monetary Fund (IMF) projected real GDP growth in the United Arab Emirates (UAE) to exceed 6% in 2022 compared to 3.8% in 2021, due to the rebound in the tourism and construction sectors, robust activity related to EXPO 2020, as well as to higher oil production in line with the easing of oil production cuts under the OPEC+ agreement. It expected the near-term economic outlook to remain strong, supported by a rebound in domestic activity. It also forecast real non-hydrocarbon growth at about 4% in 2023 and expected it to accelerate in the medium term with the implementation of ongoing reforms. It encouraged authorities to sustain reforms under the UAE 2050 Strategy and to focus on diversified and inclusive growth. Further, it anticipated the inflation rate to slightly exceed 5% in 2022, and expected inflationary pressures to gradually moderate amid tighter financial conditions. In parallel, it indicated that high global oil prices and the removal of the temporary COVID-19-related fiscal support to businesses and households have boosted the surpluses of the UAE's fiscal and external balances. It called on authorities to maintain a prudent fiscal stance in the near- to medium terms, and welcomed the planned fiscal reforms, including the expected introduction of the corporate income tax and the gradual phasing out of business fees. Further, it considered that the outlook is subject to significant external uncertainties, including the impact of global economic and financial headwinds, geopolitical developments, and the recently announced oil production cuts under the OPEC+ agreement. But it expected that higher oil prices as well as the country's substantial fiscal and external buffers would help mitigate such risks.

Source: International Monetary Fund

JORDAN

Outlook on sovereign ratings revised to 'positive'

Moody's Investors Service affirmed Jordan’s long-term local and foreign currency issuer ratings and foreign currency senior unsecured debt at 'B1', and revised the outlook from 'stable' to 'positive'. Also, it affirmed Jordan's local and foreign currency Country Ceilings at 'Ba1'. It attributed the revision of the outlook to the government's commitment to structural economic reforms and fiscal adjustments. It added that the government established a track record of fiscal reforms and prudence, as it forecast the government's fiscal deficit to narrow from 3% of GDP in 2021 to an average of between 2% of GDP and 2.5% of GDP in the 2023-24 period, and for the public debt level to decline in the next few years. In parallel, it indicated that the ratings reflect the country’s solid and credible macroeconomic policies, combined with strong international support and access to sizeable domestic savings that would contain liquidity and external vulnerability risks. But, it noted that the government's high debt level, low economic growth rates, high unemployment rate and social pressures, and a volatile regional geopolitical environment, are weighing on the sovereign ratings. In addition, it said that it could upgrade the ratings if the implementation of structural reforms improve the economy's competitiveness and growth prospects, and/or in case the government's debt burden and contingent liabilities decline. In contrast, it said that it could revise the outlook to 'stable' if reforms progress stalls, which would reduce growth prospects in the medium term.

Source: Moody's Investors Service

ALGERIA

Favorable near-term economic prospects

The International Monetary Fund considered that the near term outlook for the Algerian economy is favorable amid a significant increase in global hydrocarbon prices. It projected real non-hydrocarbon GDP growth to improve from 2.1% in 2021 to 3.2% in 2022, due to the recovery in economic activity from the fallout of the COVID-19 pandemic, and forecast real GDP growth to accelerate in the near term. Further, it expected the fiscal balance to post a surplus in 2022, driven by higher public revenues and lower-than-expected spending. It projected the current account balance to post its first surplus this year since 2013, and noted that foreign currency reserves increased from $46.7bn at end-2021 to $53.5bn at end-September 2022 due to a significant rise in non-hydrocarbon exports. However, it considered that the country's high reliance on hydrocarbon revenues and the projected sizeable rise in spending in 2023 pose significant risks to public finances. It stressed the importance of adopting a well-balanced budget to reduce inflationary pressures, rebuild policy space and stabilize the government's debt. It pointed out that a medium-term fiscal framework could guide fiscal consolidation efforts and protect priority spending. Also, it recommended stronger integration between spending plans and the government's financing strategy to allow for the gradual implementation of fiscal consolidation. It encouraged the authorities to continue their efforts to reform the business environment, in order to develop an inclusive and diversified growth model and create new job opportunities.

Source: International Monetary Fund

IRAN

Sovereign ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed Iran's short- and long-term foreign and local currency ratings at 'B', and maintained the 'stable' outlook on the long-term ratings. It attributed the affirmation of the ratings to the government’s moderate debt level and very low external debt. Also, it said that the ratings reflect its expectations that the current account will shift from a slight deficit of 0.1% of GDP in 2021 to a surplus of 3.7% of GDP in 2022, underpinned by high hydrocarbon and energy prices. It noted that the ratings are supported by the country’s large hydrocarbon reserves and the agency’s assumption that the usable foreign exchange assets under the control of the Central Bank of Iran are currently adequate for balance of payments purposes. But, it indicated that the ratings are constrained by high macroeconomic risks, elevated external political risks, high socioeconomic challenges, and lack of access to external funding and frozen assets. It added that, despite the country's very low external debt level, the authorities' ability to service the debt on time has weakened due to U.S. sanctions on Iranian oil exports and financial institutions, and to the Financial Action Task Force's placement of Iran on its list of "high-risk jurisdictions" for money laundering and terrorism financing. In parallel, it said that the 'stable' outlook balances elevated hydrocarbons and commodities prices that reduced pressure on the budget deficit and external liquidity buffers, against the continued adverse impact of U.S. sanctions. The agency indicated that it could upgrade the ratings in case Iran and the U.S. agree on reviving the nuclear agreement, the U.S. lifts its sanctions, and external political tensions significantly recede.

Source: Capital Intelligence Ratings

BANKING

SAUDI ARABIA

Banks to enter 2023 on solid footing

S&P Global Ratings indicated that high global oil prices, improving confidence, and large government-sponsored projects are supporting the banking sector in Saudi Arabia. Also, it pointed out that the banks' lending increased by 10% in the first half of 2022 on an annual basis, and expected lending to corporates to grow further in the near term due to the implementation of projects related to Vision 2030. Further, it anticipated mortgages to expand, but at a slower pace than in previous years, as the increase in interest rates may reduce demand for loans. It said that the non-performing loans ratio at Saudi banks reached 1.8% at the end of June 2022, the second lowest ratio among Gulf Cooperation Council countries, after Kuwait at 1.5%. Also, it noted that the rise in customer deposits was slower than lending in recent years, which caused some pressure on liquidity and prompted the Saudi Central Bank (SAMA) to inject liquidity in banks. It expected SAMA to continue to intervene in case of need, as the banking system is one of the main pillars in the implementation of Vision 2030. Also, it indicated that the loans-to-deposits ratio regressed from 94.3% at end-2021 to 94% at end-June 2022, but anticipated the ratio to increase rapidly in the near term due to the growth in lending. It said that the banks' cost of risk dropped in the first half of 2022, but expected it to normalize in the near term as authorities lift forbearance measures.

Source: S&P Global Ratings

EGYPT

Outlook on banks' ratings revised to 'negative' on external liquidity risks

Fitch Ratings affirmed the long-term foreign-currency Issuer Default Ratings (IDRs) of the National Bank of Egypt (NBE), Banque Misr (BM), Commercial International Bank (CIB), and Banque du Caire (BdC) at 'B+'. Also, it maintained the national long-term ratings of the four banks at 'AA(egy)' with a 'stable' outlook on the ratings. Further, it revised the outlook on the long-term IDRs from 'stable' to 'negative' following its similar action on the sovereign ratings, due to the deterioration in the country's external liquidity position, which leaves Egypt vulnerable to adverse global conditions amid wide current account deficits and external debt maturities. Also, it affirmed the Viability Ratings of the four banks at 'b+' and revised the outlook on the operating environment of banks from 'stable' to 'negative'. It attributed the outlook revision to the banks' significant sovereign exposure through sizeable holdings of Egyptian government debt and their lending to public sector companies. Further, it noted that the banking sector had a net foreign liability position of $14bn at end the end of September 2022 compared with a net foreign assets position of $1.7bn at end-July 2021, driven by large portfolio outflows and an increase in the banks' foreign liabilities. It said that the $13bn in non-resident portfolio holdings of local-currency government debt poses significant risks to the banks' net foreign assets, in case of continued large portfolio outflows. In parallel, it expected some pressure on the banks' core capital ratios, mainly due to the depreciation of the local currency and losses on government securities as yields are rising. But it anticipated that good internal capital generation will support the banks' common equity Tier One capital ratios in the 2022-23 period.

Source: Fitch Ratings

NIGERIA

Ratings on seven banks downgraded

Fitch Ratings downgraded the long-term Issuer Default Ratings (IDR) of Access Bank, Zenith Bank, United Bank for Africa (UBA), First Bank of Nigeria (FBN), Guaranty Trust Bank (GTB), Fidelity Bank, and Bank of Industry (BOI) from 'B' to 'B-', and maintained the 'stable' outlook on the banks' IDRs. In addition, the agency downgraded the Viability Ratings (VRs) of Access Bank, Zenith Bank, UBA, FBN, GTB, and Fidelity Bank from 'b' to 'b-', given that the banks' standalone credit profiles are constrained by the sovereign rating due to their high sovereign exposure to the sovereign and the high concentration of their operations in Nigeria. Also, it said that the downgrade of BOI's rating takes into account the authorities' weakened ability to provide support to the bank, in case of need. Further, it pointed out that Nigerian banks continue to maintain satisfactory liquidity buffers in foreign currency, although they are experiencing difficulties in accessing US dollars to cover their trade finance obligations. It added that shortages in foreign currency have caused the Nigerian naira to sharply depreciate on the parallel market. It considered that banks are resilient to this depreciation due to their net long foreign-currency positions, low foreign-currency-denominated risk-weighted assets, and tighter foreign-currency lending standards in recent years. However, it said that a sharp depreciation of the local currency, along with moderate losses on holdings of Nigerian and Ghanaian sovereign debt, could put significant pressure on the capital ratios of the banks. In parallel, it noted that it could upgrade the banks' ratings in case of a sovereign upgrade or if banks maintain strong financial profiles.

Source: Fitch Ratings

TÜRKIYE

Credit risk assessment maintained

S&P Global Ratings maintained Türkiye's Banking Industry Country Risk Assessment (BICRA) in 'Group 9', and its economic and industry risk scores at '9'. The BICRA framework evaluates banking systems based on economic and industry risks facing the sector, with 'Group 10' consisting of the riskiest banking sectors. Other countries in 'Group 9' include Argentina, Azerbaijan, Egypt, Kazakhstan and Kenya. The agency indicated that Türkiye's economic risk score reflects its "very high risks" in its economic resilience and imbalances, as well as in its credit risks in the economy. It pointed out that Turkish banks are facing high risks from imbalances in the economy, amid a surge in real estate prices, strong lending growth, and a highly accommodative monetary policy despite hyperinflation. It projected the sector's non-performing loans ratio to increase from 2.4% at the end of August 2022 to between 4% and 5% by end-2023, driven by a large number of restructured loans. It expected the banks' cost of risk to average 320 basis points per year in the 2022-2023 period. In parallel, S&P noted that the industry score reflects the country's "very high risks" in its system-wide funding, its institutional framework, and its competitive dynamics. It noted that political pressures on the Central Bank of the Republic of Türkiye have affected its independence and its ability to carry out its responsibilities effectively, which poses greater risk to financial stability. It added that the trend for the economic and industry risks is 'negative', due to significant risks to asset quality.

Source: S&P Global Ratings

Oil prices to average $97 p/b in fourth quarter of 2022

ICE Brent crude oil front-month prices reached $85.4 per barrel (p/b) on November 23, 2022, constituting decreases of 8% from a week earlier and of 10% from the end of October 2022, due to high oil inventory levels in the United States and given that the Group of Seven (G7) nations proposed to implement a price cap on Russian oil, above the current market level. In parallel, Goldman Sachs indicated that the G7 may impose a price cap on Russian oil of between $65 p/b and $70 p/b and did not expect a decrease in supply beyond the 0.6 million barrels per day, due to the European Union's upcoming embargo on Russian crude oil and petroleum products. In addition, Emirates NBD considered that oil exports from Russia may drop sharply and result in a deficit in the oil market, if the price cap is too low. However, it considered that, if the price cap is closer to current market levels, Russia would continue to export crude oil to several countries, which will not affect the oil market, although Russian officials have indicated that they will not sell oil to countries that participate in the price-cap mechanism. Also, it pointed out that a recent surge in new COVID-19 cases in China could further affect oil consumption and pose downward pressure on oil prices in the near term. Further, Citi Research projected ICE Brent oil prices to average $97 p/b in the fourth quarter of 2022 and $101 p/b in full year 2022.

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

Global steel output up 1% in October 2022

Global steel production reached 147.3 million tons in October 2022, constituting a decrease of 3% from 151.7 million tons in September 2022 and an increase of 1.1% from 145.7 million tons in October 2021. Production in China totaled 79.8 million tons and accounted for 54.2% of global steel output in October 2022. India followed with 10.5 million tons, or 7.1% of the total, then Japan with 7.3 million tons (5%), the U.S. with 6.7 million tons (4.5%), Russia with 5.8 million tons (3.9%), and South Korea with 5.1 million tons (3.5%).

Source: World Steel Association, Byblos Research

OPEC oil output down 1% in October 2022

Members of OPEC, based on secondary sources, produced 29.5 million barrels of oil per day (b/d) on average in October 2022, constituting a decrease of 0.7% from 29.7 million b/d in September 2022. Saudi Arabia produced 10.8 million b/d, or 36.7% of OPEC's total output, followed by Iraq with 4.6 million b/d (15.5%), the UAE with 3.2 million b/d (10.8%), Kuwait with 2.8 million b/d (9.5%), and Iran with 2.6 million b/d (8.6%).

Source: OPEC

MENA's natural gas output to grow by 4% in 2022

The International Monetary Fund forecast natural gas production in the Middle East & North Africa region to average 16.71 million barrels of oil equivalent per day (boe/d) in 2022, constituting an increase of 3.7% from 16.12 million (boe/d) in 2021. The GCC countries' natural gas output is expected to account for 60.5% of the region's gas production this year. Further, it projected Qatar's natural gas output at 4.7 million (boe/d) in 2022, or 28% of the region's gas production, followed by Iran with 4.46 million boe/d (26.7%), and Saudi Arabia with 2.49 million boe/d (15%).

Source: International Monetary Fund, Byblos Research

Base Metals: Lithium carbonate prices to average $63,500 per ton in 2022

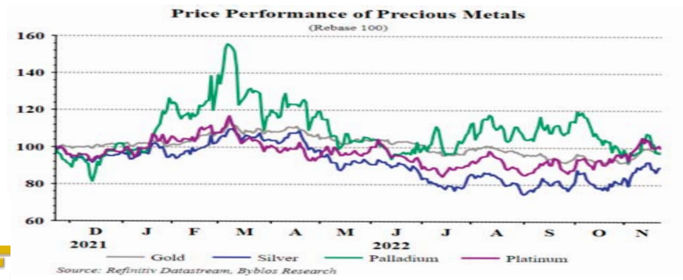
Lithium carbonate prices averaged $478,294 per ton in the year-to-November 23, 2022 period, constituting a jump of 342% from an average of $108,197 a ton in the same period of 2021. Also, lithium hydroxide prices averaged $462,720 per ton in the year-to-November 23, 2022 period, constituting a surge of 336.2% from an average of $106,090 a ton in the same period last year. The rise in the metal price is due to a global increase in the demand for electric vehicles. In parallel, Citi Research expected the global demand for lithium to reach 640,896 tons in 2022 and to increase by 25% from 512,103 tons in 2021; while it forecast the global supply of lithium to rise by 29.3% from 479,847 tons in 2021 to 620,459 tons in 2022. Further, it projected global demand for lithium to reach 803,406 tons in 2023 and for global supply to stand at 804,419 next year. It anticipated the lithium market to shift from a deficit in 2022 to a surplus in 2023, as it expected the output of lithium to increase by 30% next year, which would more than offset the forecast 25% rise in demand for the metal, due to weaker consumption in Europe. In parallel, it projected lithium carbonate prices to average $63,500 per ton in 2022 and lithium hydroxide prices to average $61,000 a ton this year.

Source: Citi Research, Refinitiv, Byblos Research

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

Platinum prices averaged $955.6 per troy ounce in the year-to-November 23, 2022 period, constituting a decrease of 13.6% from an average of $1,106.3 an ounce in the same period last year, due mainly to global 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 $982 an ounce on November 23, 2022, driven by the expected slowdown in global economic growth, that put downward pressure on the metal's price. In parallel, the World Platinum Investment Council projected global demand for platinum to reach 6.5 million ounces in 2022 and to decrease by 7% from 7 million ounces in 2021. In addition, it forecast the global supply of platinum to decrease by 10.3% from 8.1 million ounces in 2021 to 7.3 million ounces in 2022, with mine output representing 77.2% of global refined platinum production this year. Also, it expected the platinum market to shift from a significant surplus in 2022 to a deficit of 303,000 ounce in 2023, as it forecast an increase in the demand for the metal from the automotive, industrial and jewelry sectors, as well as high bar and coins demand, to more than offset the decline in investments in exchange traded funds. Moreover, Citi Research forecast platinum prices to average $825 per ounce in the fourth quarter of 2022 and $924 an ounce in full year 2022.

Source: The World Platinum Investment Council, Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B-	B3	B-	-								
	Stable	Positive	Positive	-	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+								
	Stable	Negative	Negative	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC	Caa1	CCC									
	Negative	RfD**	-	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	CCC+	Caa2	CC	-								
	Negative	RfD	-	-	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-								
	-	Positive	Stable	-	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB-	Ba1	BB+	-								
	Negative	Stable	Stable	-	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	B3	B-	-								
	Stable	RfD	Stable	-	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Tunisia	-	Caa1	CCC	-								
	-	Negative	-	-	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B	-	-	-								
	Stable	-	-	-	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+	B2	B+	-								
	Negative	Negative	Stable	-	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+	B2	B+	B+								
	Stable	Negative	Stable	Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	-	-	-	B								
	-	-	-	Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B-	Caa1	B-	-								
	Stable	Stable	Stable	-	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+								
	Stable	Positive	Negative	Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA-	A+								
	Stable	Stable	Stable	Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD	C	C	-								
	-	-	-	-	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB-	Ba3	BB	BB								
	Stable	Positive	Stable	Stable	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA	Aa3	AA-	AA-								
	Stable	Positive	Stable	Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A-	A1	A	A+								
	Positive	Stable	Positive	Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	B+ Stable	Ba3 Negative	B+ Stable	B+ Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	- -	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	- -	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B- Negative	Caa1 Negative	CCC+ -	- -	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	- -	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN***	Ca Negative	C -	- -	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B Stable	B2 Negative	B Negative	B+ Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B- CWN	B3 RfD	CCC -	- -	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*
***Review for Downgrade*
**** CreditWatch with negative implications*
Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	4.00	02-Nov-22	Raised 75bps	14-Dec-22
Eurozone	Refi Rate	2.00	27-Oct-22	Raised 75bps	N/A
UK	Bank Rate	3.00	03-Nov-22	Raised 75bps	15-Dec-22
Japan	O/N Call Rate	-0.10	28-Oct-22	No change	20-Dec-22
Australia	Cash Rate	2.85	01-Nov-22	Raised 25bps	N/A
New Zealand	Cash Rate	4.25	23-Nov-22	Raised 75bps	22-Dec-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	21-Nov-22	No change	20-Dec-22
Hong Kong	Base Rate	4.25	03-Nov-22	Raised 75bps	N/A
Taiwan	Discount Rate	1.625	22-Sep-22	Raised 12.5bps	15-Dec-22
South Korea	Base Rate	3.25	24-Nov-22	Raised 25bps	N/A
Malaysia	O/N Policy Rate	2.75	03-Nov-22	Raised 25bps	19-Jan-23
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	Base Rate	3.90	03-Nov-22	Raised 75bps	N/A
Saudi Arabia	Repo Rate	4.50	02-Nov-22	Raised 75bps	N/A
Egypt	Overnight Deposit	13.25	27-Oct-22	Raised 200bps	22-Dec-22
Jordan	CBJ Main Rate	4.50	31-Jul-22	Raised 75bps	N/A
Türkiye	Repo Rate	9.00	24-Nov-22	Cut 150bps	22-Dec-22
South Africa	Repo Rate	7.00	24-Nov-22	Raised 75bps	26-Jan-23
Kenya	Central Bank Rate	8.75	23-Nov-22	Raised 50bps	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	10.00	10-Nov-22	Raised 75bps	15-Dec-22
Brazil	Selic Rate	13.75	26-Oct-22	No change	N/A
Armenia	Refi Rate	10.50	01-Nov-22	Raised 50bps	13-Dec-22
Romania	Policy Rate	6.75	08-Nov-22	Raised 50bps	10-Jan-23
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	28-Oct-22	No change	16-Dec-22

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