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BYBLOS BANK SAL

Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

ESG bond issuance up 55% to $980bn in 2023

Barclays Capital projected the global issuance of Environmental, Social, and Governance (ESG) bonds to reach $980bn in 2023, which would constitute an increase of 55% from $632.3bn in ESG bonds issued in 2022. It expected corporates to issue $463bn in ESG bonds in 2023, which would account for 47.2% of the aggregate output of ESG bonds, followed by issuance from Sub-Saharan Africa with $190bn (19.4%), the issuance of ESG securitization bonds with $102bn (10.4%), supply from developed market sovereigns with $75bn (7.7%), local governments with $60bn (6.1%), municipalities with $50bn (5.1%), the supply of ESG covered bonds with $25bn (2.6%), and issuance from emerging market economies with $15bn (1.5%). Further, it projected investment grade ESG bonds to represent 65% of total ESG bonds output in 2023, relative to 78.8% of aggregate issuance in 2022. Also, it expected corporates to issue 35% of their ESG bonds in Euros, 20% of such bonds in Sterling pounds, and 10% of ESG bonds in US dollars. In parallel, it forecast corporates to issue $307bn in green bonds, which would account for 66.3% of the aggregate issuance of corporate ESG bonds, followed by sustainability-linked bonds with $91bn (19.7%), sustainability bonds with $35bn (7.6%), and social bonds with $30bn (6.5%). It expected the issuance of sustainability bonds by corporates to drop by 33% in 2023, the supply of sustainability-linked bonds to decline by 31%, the supply of green bonds to decrease by 17%, and the issuance of social bonds to regress by 15%.

Source: Barclays Capital

Real monthly wages decline by 1% in first half of 2022

The International Labor Organization estimated that the global average real monthly wages declined by 0.9% annually in the first half of 2022, due mainly to significant wage losses incurred by workers and their families during the COVID-19 pandemic, relative to a growth of 1.8% in full year 2021 and to an expansion of 3.1% in 2007, its highest in 16 years. Further, it estimated that average real monthly wages increased by 2.5% in Central & Western Asia in the first half of 2022, rose by 1.3% in Asia & the Pacific, and expanded by 1.2% in Arab countries in the covered period. In contrast, it noted that average real monthly wages dropped by 3.3% in Eastern Europe, declined by 3.2% in North America, decreased by 1.9% in Northern, Southern & Western Europe, regressed by 1.7% in Latin America & the Caribbean, and retreated by 0.5% in Africa in the first half of 2022. In comparison, it pointed out that average real monthly wages increased by 12.4% in Central & Western Asia in 2021, by 3.5% in Asia & the Pacific, by 3.3% in Eastern Europe, by 0.9% in Northern, Southern & Western Europe, and by 0.5% in Arab economies, while average real monthly wages decreased by 1.4% in each of Africa and Latin America & the Caribbean last year.

Source: International Labor Organization

MENA

Level of bribery risk varies in Arab world

TRACE, a non-profit international business association that aims to assess the multidimensional nature of bribery, ranked Jordan in 65th place among 194 countries, territories and autonomous regions and in first place among 19 Arab countries on its Bribery Risk Matrix for 2022. Tunisia followed in 76th place, then the UAE (79th), Kuwait (111th), and Oman (128th) as the five countries with the lowest level of bribery risk in the Arab world, while Mauritania (176th), Libya (180th), Yemen (189th) and Syria (191st) had the highest such risks in the region. The matrix, which is based of four risk categories, aims to help companies gauge the risks of encountering bribery practices in the public sector of jurisdictions where they plan to conduct business. The rankings are based on scores that range from zero to 100, with a score of 100 reflecting the highest risk of graft. The Arab countries' average score stood at 63.7 points in 2022, unchanged from 2021, and came higher than the global average score of 49.3 points. Also, the region's average score was higher than the average scores of Sub-Saharan Africa (60.7 points), South Asia (55.3 points), Latin America & the Caribbean (48.6 points), East Asia & the Pacific (46.1 points), Europe & Central Asia (36.7 points), and North America (17 points). Further, the rankings of five Arab countries improved, 13 regressed and one was unchanged from the 2021 matrix, while the scores of all Arab countries were unchanged from 2021.

Source: TRACE, Byblos Research

SAUDI ARABIA

Profits of listed firms up 56% to $161bn in first nine months of 2022

The cumulative net income of 189 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR604.05bn, or $161.1bn, in the first nine months of 2022, constituting a surge of 56.3% from SAR386.4bn ($103.1bn) in the same period of 2021. Listed energy firms generated net profits of $126.2bn and accounted for 78.3% of total earnings in the covered period. Listed banks followed with $12.4bn in net income (7.7%), then basic materials firms with $10.5bn (6.5%), utilities companies with $3.8bn (2.4%), telecommunications firms with $2.9bn (1.8%), diversified financials companies with $1.9bn (1.2%), firms in the food & beverage sector with $623m (0.4%), healthcare and equipment & services providers with $610.8m (0.38%), food & staples retailers with $591m (0.37%), software & services firms with $430m (0.27%), and retailers with $307m (0.2%); while listed companies in other sectors registered net profits of $780.8m (0.5%). In parallel, the net earnings of transportation firms surged by 1,076% in the first nine months of 2022 from the same period last year, followed by the profits of diversified financial companies (+456.7%), retailers (+245%), capital good firms (+72.3%), energy companies (+69%), food & staples retailers (+63%), software & services companies (+32.3%), media services companies (+29.4%), banks (+26.7%), food & beverage firms (+18%), healthcare equipment & services providers (+17%), basic materials firms (+13.3%).

Source: KAMCO, Byblos Research

WORLD

Economic activity to decelerate to 1.7% in 2023, recovery to be protracted

Global reinsurer Swiss Re projected global real GDP growth to decelerate from 2.8% in 2022 to 1.7% in 2023, mainly driven by tighter monetary policies worldwide in response to rising inflationary pressures. It considered that global real GDP growth rates of about 1% to 2% constitute a recession. Also, it forecast economic activity in advanced economies to slow from 2.4% in 2022 to 0.4% in 2023, the third weakest growth rate since the 1980s after contractions during the global financial crisis and the COVID-19 outbreak. In addition, it projected real GDP growth in emerging markets (EMs) excluding China at 2.8% in 2023, which is lower than pre-pandemic growth rates. However, it expected the contribution EMs to world GDP growth to increase in the near-term, in case recessions in the Euro Area and the U.S. materialize. It also anticipated that slowing global demand, rising public debt levels, higher interest rates and a strong US dollar will increase the debt burdens, reduce the exports and limit fiscal policy space of emerging market economies.

Further, it anticipated a protracted global economic recovery in 2023 that would stretch beyond next year. Also, it did not expect central banks around the world to start easing monetary policy unless severe downside risks materialize. In parallel, it anticipated global inflation rates in 2023 to exceed their historical averages and for inflationary pressures to be more persistent across a larger share of consumer price index baskets worldwide. Still, it projected the global inflation rates to decelerate from 8.1% in 2022 to 5.4% in 2023 and 5.4% in 2024.

Source: Swiss Re

IRAQ

Economic activity to moderate in medium term

The World Bank projected Iraq's real GDP growth to accelerate from 2.8% in 2021 to 8.7% in 2022, supported a 5% expansion in non-oil activity and a 12% growth in real oil GDP, despite lower-than-anticipated oil production as a result of the OPEC+ production quotas in the fourth quarter of 2022. It anticipated economic activity to gradually moderate in the medium term, as it expected oil production to be constrained by weaker global demand for oil. Also, it anticipated real non-oil GDP to grow by 3.5% in 2023 and 2% in 2024, in case of a rebound in religious tourism, and amid expectations of water and electricity shortages and, softening domestic demand. It also expected acticity in the non-oil sector to remain constrained by the absence of policies to boost the growth potential of the non-oil economy. As such, it forecast real GDP growth at 4% in 2023 and 2.9% in 2024.

Further, it projected the fiscal surplus to increase from 4% of GDP in 2021 to a record high 13% of GDP in 2022, as it expected public revenues to rise by 72% this year amid the surge in oil revenues. It anticipated the surplus to decline to 6.2% of GDP in 2023 and 3.1% of GDP in 2024 in case oil prices reach $80 per barrel by 2024. As such, it forecast the public debt level to decline from 55.1% of GDP at the end of 2021 to 35.3% of GDP at end-2022 and to reach 33.5% of GDP at the end of 2023. Further, it projected the current account surplus to increase from 12% of GDP in 2021 to 18% of GDP in 2022 due to higher oil export receipts, and expected the surplus to regress to 10% of GDP in 2023 and 7.1% of GDP in 2024 as oil prices moderate. As a result, it forecast foreign currency reserves at the Central Bank of Iraq to rise from $58.2bn at the end of 2021 to $109.6bn by end-2024.

In parallel, the World Bank indicated that downside risks to Iraq's economic outlook include a further weakening of global oil demand, heightened insecurity and political instability, and renewed inflationary pressures from the ongoing conflict in Ukraine and the resulting surge in global commodity prices. Also, it noted that despite several reform initiatives to diversify the economy, Iraq is one of the most oil-dependent countries in the world. It considered still that the new Iraqi government is well placed to utilize its accumulated oil wealth to implement economic reforms, in order to put the economy on a path towards sustainable growth.

Source: World Bank

EGYPT

Outlook contingent on covering external funding gap

The National Bank of Kuwait (NBK) anticipated that the planned fiscal and monetary reforms that are tied to Egypt's recent agreement with the International Monetary Fund (IMF) will weigh on economic activity in the fiscal year that ends in June, and projected real GDP growth to decelerate from 6.6% in FY2021/22 to 4% in FY2022/23. It indicated that the reforms under the IMF-supported program include the liberalization of the exchange rate, steps to improve the business climate, the increase in the private sector's share of GDP, and stronger public finances. It expected real GDP growth to accelerate in the medium term, and to be in line with the government's target to boost GDP growth to between 5% and 6% by FY2024/25. Further, it forecast the inflation rate to rise from an average of 8.5% in FY2021/22 to 17% in FY2022/23, mainly due to a weaker Egyptian pound and the potential reduction of subsidies on bread, electricity and gasoline.

In parallel, it projected the fiscal deficit to narrow from 7.2% in FY2021/22 to 6.8% in FY2022/23, which reflects the conditionality from the IMF-supported deal. It also indicated that its fiscal deficit forecasts take into account the government's ability to contain the increase of its debt servicing payments of about 8% of GDP. It forecast the public debt level to decline and to reach the government's target of 80% of GDP by the end of 2026 due to the expansion of nominal GDP, the narrowing of the deficit and the planned $40bn privatization program in the next four years. In addition, it projected the current account deficit to narrow from 3.7% of GDP in FY2021/22 to 3.5% in FY2022/23, in case of lower imports and a strong recovery in tourism activity. It expected that the loan from the IMF will unlock further international and regional financial support, which is crucial to fill the large financing gap of $27bn in the coming 12 months. However, it indicated that global monetary tightening is limiting Egypt's access to international markets, and considered that substantial investments from Gulf Cooperation Council countries are crucial to cover the majority of the external funding gap. It considered that downside risks to the outlook include delays in the implementation of the IMF program, a surge in global commodity prices that keeps inflation rates elevated, as well as slow progress on structural reforms even with the IMF-supported deal.

Source: National Bank of Kuwait

GCC

Agency takes positive rating actions on sovereigns

S&P Global Ratings upgraded Oman's long-term foreign and local currency sovereign credit ratings from 'BB-' to 'BB', which is two notches below investment grade, and kept the outlook on the long term ratings at 'stable'. Also, it upgraded the country's transfer and convertibility assessment from 'BB' to 'BB+', and affirmed the country's short-term foreign and local currency sovereign credit ratings at 'B'. It attributed the upgrades to the improvement in Oman's fiscal and external positions from government reforms and higher oil prices. Further, it pointed out that the authorities plan to continue to reduce the economy's high reliance on the hydrocarbon sector and to improve fiscal sustainability, in line with its medium-term fiscal plan. But, it noted that the country's dependence on the oil sector is weighing on its economic and external resilience. It considered that the outlook balances the recent significant improvements in Oman's fiscal and balance of payments positions, against the economy's structural susceptibility to adverse oil price shocks. In parallel, the agency affirmed Bahrain's short- and long-term foreign and local currency issuer credit ratings at 'B' and 'B+', respectively, and revised the outlook from 'stable' to 'positive' on the long-term ratings. It attributed the outlook revision to the government's ongoing implementation of the Fiscal Balance Program that aims to reduce public expenditures and enhance revenue collection. It forecast the country's gross external financing needs at 260.5% of current account receipts and usable reserves in 2022, as well as at 270% and 279% of such receipts and reserves in 2023 and 2024, respectively, due to the elevated external short-term debt of the wholesale and retail banking sectors.

Source: S&P Global Ratings

GHANA

Ratings downgraded on debt restructuring

Moody's Investors Service downgraded Ghana's long-term issuer and senior unsecured debt ratings from 'Caa2' to 'Ca', which are 10 notches below investment grade, and assigned a 'stable' on the ratings. It also downgraded Ghana's local and foreign currency country ceilings from 'B2/B3' to 'Caa1/Caa2'. It attributed the downgrades to its expectations that the restructuring of local and foreign currencies debts, which the government announced November 24, 2022, will result in significant losses for private creditors. It estimated that interest payments on the public debt will absorb 58% of public revenues in 2022 and that the public debt level will reach 104% of GDP at the end of the year. As such, it added that the restructuring of the public debt aims to restore its sustainability. In parallel, it said that the outlook balances the agency's prospects that the debt restructuring will take place in coordination with creditors and under a funding program with the International Monetary Fund, against the risk of higher losses for private-sector creditors beyond the agency's expectations. Further, it noted that it could upgrade the ratings if the government implements effective fiscal and monetary policies, and increases public revenues, which would reduce the risk of a sovereign default in the future and support the ratings. It indicated that it could downgrade the ratings in case of delays in implementing reforms, and/or in case of additional external shocks.

Source: Moody's Investors Service

UAE

Real GDP growth to average 4.9% in 2022-23 period

Regional investment bank EFG Hermes projected the UAE's real GDP to grow by 7% in 2022 and by 2.8% in 2023, relative to an expansion of 3.9% in 2021. It noted that the global economic recovery from the fallout of the COVID-19 pandemic, elevated oil prices and a pick-up in oil production, supported economic activity this year. But it expected the global economic slowdown and a potential recession in the U.S. in addition to rising inflation and interest rates globally, to weigh on the UAE's economy in the near term. Further, it forecast fiscal surpluses of 11% of GDP in 2022 and of 9.2% of GDP in 2023, due to elevated global oil prices and high local oil production. Also, it expected the current account surplus to reach 17.8% of GDP in 2022 and to narrow to 10% of GDP in 2023, and anticipated the country's external assets to stand at 200% of GDP, which would provide the UAE with a very solid and comfortable external position. In parallel, S&P Global Ratings revised upward its real GDP growth forecast for the Emirate of Abu Dhabi from 6% to 8% in 2022, mainly due to stronger non-oil activity as a result of structural measures to improve the business environment and encourage foreign investments. Also, it forecast the emirate's fiscal surplus to increase from 4% of GDP in 2021 to 10% of GDP in 2022, driven by higher oil revenues and the ongoing restrain on government spending. Moreover, it considered the substantial foreign assets of the Abu Dhabi Investment Authority to be a strength, and that they will help the UAE's external liquid assets to exceed its external debt.

Source: EFG Hermes, S&P Global Ratings

TUNISIA

Sovereign ratings upgraded following agreement with IMF

Fitch Ratings upgraded Tunisia's long-term local and foreign currency issuer default rating (IDRs) from 'CCC' to 'CCC+'. Also, it affirmed the short-term local and foreign currency IDR and the Country Ceiling at 'C' and 'B-', respectively. It attributed the upgrade to the agreement between the authorities and the International Monetary Fund (IMF) on a $1.9bn Extended Fund Facility that will unlock official creditor funding, support fiscal consolidation, address Tunisia's main structural weaknesses, and will not require debt restructuring. It added that its upgrade takes into consideration the uncertainties about the authorities' adherence to the program. Further, it anticipated the fiscal deficit to narrow from 7.3% of GDP in 2022, to 5.6% of GDP in 2023 and 3.8% of GDP in 2024, due to lower commodity prices and the implementation of reforms. It added that lifting fuel subsidies in 2023 is a major factor to reduce Tunisia's structural deficit. It projected the government's financing needs to reach 16.4% of GDP in 2022 and 16.8% of GDP in 2023, driven by large public spending to absorb the shock of the Russian-Ukraine conflict. Also, it estimated external debt maturities at $1.4bn in 2022 and $2bn in 2023, and external debt amortization of 4.4% of GDP in 2023 and 5.2% of GDP in 2024. In parallel, the agency indicated that it could upgrade the ratings if authorities demonstrate their commitment to implement reforms under the IMF program, and/or if the government increases buffers to meet its large upcoming external debt maturities.

Source: Fitch Ratings

BANKING

GCC

Banks' profits up 27% to $33.4bn in first nine months of 2022

Figures released by financial services firm KAMCO indicate that listed banks in the six Gulf Cooperation Council (GCC) countries posted aggregate net profits of $33.4bn in the first nine months of 2022, constituting increases of 27% from $26.3bn in the same period of 2021 and of 30% from $25.7bn in the first nine months of 2020. The banks' net earnings totaled $10.9bn in the first quarter, $11.1bn in the second quarter, and $11.4bn in the third quarter of the year. It attributed the rise in income in the first nine months of 2022 mainly to a decline of $2.3bn, or of 20.7%, in loan-loss provisions from the same period of 2021, with provisions totaling $3.2bn at end-September 2022. It added that the aggregate revenues of banks reached $74.8bn in the first nine months of 2022, representing a rise of 14.5% from $65.3bn in the same period last year due to higher interest rates across the GCC countries after their central banks increased policy rates following the rate hikes by the U.S. Federal Reserve. Further, it indicated that the aggregate assets of GCC banks stood at $2.88 trillion (tn) at the end of September 2022, as they increased by 5.8% from the end of 2021 and by 7.4% from a year earlier. In addition, it said that the banks' aggregate net loans reached $1.7tn at the end of September 2022 and expanded by 6.8% from a year earlier, while customer deposits amounted to $2.2tn and grew by 8.2% from the end of September 2021. As such, it pointed out that the aggregate loans-to-deposits ratio of GCC listed banks was 79% at the end of September 2022 compared to 80.1% a year earlier, driven by the rise in deposits.

Source: KAMCO

NIGERIA

Regulatory headwinds continue to affect banks' earnings and liquidity

S&P Global Ratings indicated that the regulations of the Central Bank of Nigeria (CBN) have undermined the Nigerian banks' ability to manage their liquidity and optimize earnings. It said that the CBN raised its interest rates by 400 basis points (bps) so far in 2022, increased the banks' cash reserve requirement by 500 bps to a minimum of 32.5%, and is penalizing banks that report a loans-to-deposits ratio below the minimum requirement of 65% by withholding reserves equivalent to 50% of the lending shortfall. Also, it pointed out that high inflation rates in the country, the depreciation of the naira, and the tight supply of US dollars will exacerbate the challenging operating environment of banks. Further, it expected the banks' lending to grow by 18.5% in 2023 relative to 17.8% in 2022, and for foreign currency deposits to remain stable in the near term and to account for about 33.3% of the sector's funding base. It considered that an additional increase in mandatory reserves at the CBN could freeze lending and that the scarcity of foreign currency will constrain credit to manufacturers, which would exert pressure on the banks' asset quality. Also, it expected the banks' non-performing loan ratio to increase from 5.5% in 2022 to 5.7% in 2023. In parallel, it noted that external refinancing poses risks to the banking sector, although the latter's net external debt has moderated in recent years due to the restrictive foreign exchange regime that limits lending in foreign currency.

Source: S&P Global Ratings

JORDAN

Banks have adequate liquidity buffers

Moody's Investors Service indicated that the 'weak+' credit profile of banks in Jordan balances the country's solid macroeconomic policymaking institutions, strong international financial and technical support and access to sizeable domestic savings, against high debt levels, structural rigidities, high unemployment rates and social pressures, and a volatile regional geopolitical environment. Further, it noted that the banking sector's loans grew by an annual average of 6% between 2016 and 2021, faster than the annual average nominal GDP growth rate of 1.3% in the same period of time. It pointed out that the banks' lending to the real estate sector accounted for 20% of total credit facilities at the end of 2020, and that high credit concentrations and a lack of transparency in the corporate sector are weighing on the banks' credit conditions. It expected that the increase in interest rates by 400 basis points in 2022 may put pressure on the capacity of certain borrowers to repay their loans, but it noted that loan installments are likely to remain stable for most retail borrowers and for the maturities of the loans to be extended. Further, it expected loans that are covered by collateral to mitigate the risks to asset quality. In parallel, it pointed out that the funding base of Jordanian banks has remained stable, as banks are mainly deposit-funded, with deposits equivalent to 66% of total assets at end-September 2022. Also, it pointed out that banks maintain robust liquidity buffers, with 38% of their total assets held in liquid form as at the end of September 2022.

Source: Moody's Investors Service

ARMENIA

Strong economic growth supporting banking sector

S&P Global Ratings indicated that Armenia's banking sector is benefiting from the high level of economic activity in 2022, and expected the sector to continue to expand in the next few years at a slower pace. Further, it forecast the banks' lending to grow by 7% to 10% during the 2023-24 period, relative to a decline of 5% in 2021. Also, it expected the non-performing loans ratio to increase from 3.5% in 2021 to 3.7% in 2022 and 3.8% in 2023. However, it indicated that the dollarization rate of the banks' lending portfolio decreased from 45% at the end of 2021 to 37% at end-August 2022, as a strong exchange rate has reduced the banks' currency-induced credit risk. In addition, it said that non-resident deposit inflows have materially boosted the banks' funding base and profitability metrics. It noted that deposit inflows in foreign currency exceeded $900m in the first eight months of 2022, which reduced the cost of funds and supported the banks' fee-based income. But it expected the global economic slowdown and the recession in Russia to eventually affect the Armenian economy, and forecast the currency to depreciate toward its historical level of about 480 drams per US dollar in the next few years. It also estimated that deposit inflows and currency conversion fees to eventually slow down. But it expected the liquidity of the Armenian banking sector to remain strong in the 2023-24 period, as customers maintain alternative settlement methods. In parallel, it projected the banks' profitability to remain robust, although it forecast the sector's return on assets ratio to decrease from 3.5% in 2022 to 1.5% in 2023.

Source: S&P Global Ratings

ENERGY / COMMODITIES

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

ICE Brent crude oil front-month prices averaged $100.7 per barrel (p/b) in the first 11 months of 2022, constituting a surge of 42.8% from $70.5 p/b in the same period last year, mainly due to global tight supply and rising geopolitical risks as a result of Russia's invasion of Ukraine. Also, concerns that the OPEC+ coalition may further cut supply and higher oil demand from China amid the easing of COVID-19 restrictions supported oil prices. In parallel, energy consulting firm Manaar Energy anticipated in its base case scenario on oil output that the OPEC+ coalition would keep the production quotas that it announced in October 2022, due to uncertainties about oil demand and supply. However, under its bull case scenario, it anticipated a potential physical cut of between 250,000 barrels per day (b/d) and 500,000 b/d, in an attempt to close the gap between physical markets and future contracts. In contrast, under its bear case scenario, it expected OPEC+ members to increase their quotas in order to test the resilience of the market, and as it anticipated a stronger demand for oil in the medium term. As such, it expected OPEC countries to continue to raise capital spending in 2023 in order to increase production capacity to meet medium-term demand growth. Further, Citi Research projected ICE Brent oil prices to average $97 p/b in the fourth quarter of the year and $101 p/b in full year 2022.

Source: JPMorgan Chase & Co., Manaar Energy, Citi Research, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts up 43% in September 2022

Total oil exports from Saudi Arabia amounted to 9.2 million barrels per day (b/d) in September 2022, constituting increases of 1.8% from 9 million b/d in August 2022 and of 17% from 7.8 million b/d in September 2021. Further, oil export receipts reached $26.7bn in September 2022, down by 6.3% from $28.5bn in August 2022 and up by 43.4% from $18.6bn in September 2021.

Source: JODI, General Authority for Statistics, Byblos Research

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

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East and Africa to average 12.59 million barrels per day (b/d) in 2022, which would constitute an increase of 4.8% from 12 million b/d in 2021. The region's demand for oil would represent 23.6% of demand in non-OECD countries and 12.6% of global consumption this year.

Source: OPEC

Angola's oil export receipts down 26% to $1.3bn in October 2022

Oil exports from Angola reached 34.4 million barrels in October 2022, constituting decreases of 2.55 million barrels (-6.9%) from 36.95 million barrels in September 2022 and of 1.45 million barrels (-4%) from 35.86 million barrels in the same month in 2021. The country's oil export receipts totaled KZ574.3bn, or $1.3bn, in October 2022 and decreased by 25.6% from KZ771.9bn, or $1.8bn in September 2022. They increased by 29.7% from KZ744.8bn ($1.2bn) in October 2021.

Source: Ministry of Finance of Angola

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

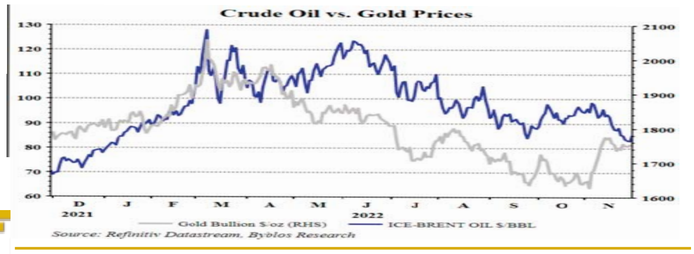
LME copper cash prices averaged $8,864.8 per ton in the first 11 months of the year, constituting a decrease of 4.6% from an average of $9,295 a ton in the same period of 2021. Demand for the metal in China is anticipated to be low amid lockdown measures and fears of a worldwide recession, which will weigh on the metal's price. Also, copper prices declined to $8,226.8 per ton on November 30, 2022 from an all-time high of $11,299.5 a ton on October 18, 2021, due mainly to the tightening of global monetary policy and the ongoing COVID-19-related lockdown measures in China. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 19.3 million tons in the first nine months of 2022, up by 2.6% from the same period of 2021, due to an increase of 3.8% in demand from China, the world's largest consumer of the metal, and a growth of 1.2% in global demand for refined copper excluding China. In parallel, global refined copper production reached 19 million tons in the first nine months of 2022, constituting an increase of 2.3% from 18.58 million tons in the same period last year, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Chile. In parallel, 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: Gold prices to average $1,710 per ounce in fourth quarter of 2022

Gold prices averaged $1,802.7 per troy ounce in the first 11 months of the year, nearly unchanged from an average of $1,800 an ounce in the same period of 2021. Further, prices regressed from a peak of $2,506 per ounce on March 8 of this year to $1,752 an ounce on November 30, 2022 due to the tightening of monetary policy by several central banks around the world. In parallel, Standard Chartered Bank indicated that demand for gold has increased recently, as buyers were perceiving higher returns from investment. However, it expected demand for gold to decrease, mainly due to the tightening of global monetary policy and to heightened uncertainties about demand for the metal from China. It pointed out that investor sentiment towards gold remains fragile, as the spread of COVID-19 outbreaks in China and expectations about the timeframe for easing related restrictions would trigger an increase in risk sentiment. It indicated that the physical market has remained strong with elevated premiums, which provides a cushion for downside price risk. Also, it pointed out that central banks remain strong net buyers of gold. Further, Citi Research forecast gold prices to average $1,710 per ounce in the fourth quarter of 2022 and to average $1,800 per ounce in full year 2022.

Source: Standard Chartered Bank, Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	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-	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+	Ca	CC	-								
	Negative	Stable	-	-	-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 Congo	B-	B3	-	-								
	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+								
	Positive	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	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-

LT Foreign currency rating: S&P, Moody's, Fitch, CI

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	1.25	30-Nov-22	Raised 25bps	N/A
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	16.5	22-Nov-22	Raised 100bps	N/A
Ghana	Prime Rate	27.00	28-Nov-22	Raised 250bps	30-Jan-23
Angola	Base Rate	19.50	25-Nov-22	No chnage	20-Jan-23
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	0.49	25-Nov-22	Raised 49bps	29-Dec-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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