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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Trade-facilitating measures cover $452bn in merchandise trade

The World Trade Organization (WTO) indicated that the Group of 20 (G20) major economies has put in place 201 COVID 19 trade-related measures since the start of the pandemic, that consisted of 122 trade-facilitating and 79 trade-restrictive measures, and that 123 measures were phased out by October 2022. Also, it said that G20 countries kept in place 52 export restrictions on food, feed and fertilizers, as well as 27 COVID 19-related export restrictions on essential products to combat the spread of the coronavirus. Further, the WTO noted that, since 2020, the pace of implementation of new restrictions, mainly on the export side, has increased due to the pandemic and, more recently, given Russia's war on Ukraine and the food security crisis. It added that the G20 economies enacted 66 new trade-facilitating procedures and 47 new trade-restricting measures between mid-May 2022 and mid-October 2022 that are unrelated to the pandemic, and pointed out that most of these measures are import-related measures. The WTO noted that trade-facilitating measures covered an estimated $451.8bn of trade merchandise, while trade-restrictive procedures covered an estimated $160bn in global trade. In parallel, it said that the implementation of new COVID 19 trade-related measures by G20 economies has decelerated in the past five months, and that the G20 have imposed four new such measures on goods and one on services.

Source: World Trade Organization

GCC

Fixed income issuance down 44% to $81bn in first 11 months of 2022

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $80.8bn in the first 11 months of 2022, constituting a decrease of 44% from $144.4bn in the same period of 2021. Fixed income issuance in the covered period consisted of $27.7bn in sovereign sukuk, or 34.3% of the total, followed by $20bn in corporate bonds (24.8%), $16.9bn in corporate sukuk (21%), and $16.2bn in sovereign bonds (20%). Further, aggregate bonds and sukuk issued by sovereigns in the GCC amounted to $44bn in the covered period, or 54.3% of fixed income output in the region; while issuance by GCC corporates reached $37bn, or 45.7% of the total. GCC sovereigns issued $7.5bn in bonds and sukuk in January, $14.3bn in March, $1bn in April, $2.2bn in May, $3bn in June, $4bn in July, $2bn in August, $0.2bn in September, $9.6bn in October, and $0.1bn in November 2022. In parallel, companies in the GCC issued $6.7bn in bonds and sukuk in January, $2.7bn in February, $5.3bn in March, $2.2bn in April, $0.8bn in May, $2.1bn in June, $3bn in July, $0.5bn in August, $4.8bn in September, $2.7bn in October, and $6.1bn in November 2022. Further, corporate output in November 2022 included $2.66bn in sukuk and $850m in bonds issued by firms in Saudi Arabia, $750m in sukuk and $500m in bonds issued by companies based in the UAE, $30m in sukuk and $100m in bonds issued by firms in Qatar, and $1.1bn in bonds issued by Omani firms. In parallel, sovereign proceeds in the covered month consisted of $50m in sukuk issued by the UAE.

Source: KAMCO

EMERGING MARKETS

Trading in Credit Default Swaps up 10% to $382bn in third quarter of 2022

Trading in emerging markets Credit Default Swaps (CDS) reached $382bn in the third quarter of 2022, constituting increases of 10% from $349bn in the third quarter of 2021 and of 36% from $281bn in the second quarter of 2022. The most frequently traded sovereign CDS contracts in the third quarter of 2022 were those of Turkey at $37bn, followed by South Africa at $33bn and China at $29bn. As such, traded sovereign CDS contracts on Turkey accounted for about 9.7% of the trading volume in emerging markets CDS in the covered quarter, followed by CDS contracts on South Africa (8.6%), and China (7.6%). Further, the most frequently traded corporate CDS contracts in the covered quarter were those of Mexico's state-oil company Pemex at about $3bn, which accounted for about 0.8% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 23 emerging economies and nine emerging market corporate issuers, from 12 major international banks and broker-dealers.

Source: EMTA

KUWAIT

Profits of listed firms down 38.5% to $5.6bn in first nine months of 2022

The cumulative net profits of 153 companies listed on Boursa Kuwait totaled KD1.7bn, or $5.55bn, in the first nine months of 2022, constituting a decrease of 38.5% from KD2.76bn, or $9.2bn, in the same period of 2021. The firms' aggregate earnings reached KD737.3m or $2.4bn in the first quarter, KD553.34m or $1.8bn in the second quarter, and KD475.27m or $1.55bn in the third quarter of 2022. Listed banks generated net profits of $3.1bn in the covered period and accounted for 55.3% of total earnings, followed by telecommunications firms with $682.4m (12.3%), financial services providers with $582.8m (10.5%), real estate firms with $400m (7.2%), industrial companies with $379.6m (6.8%), companies in the discretionary consumers goods segment with $199m (3.6%), insurers with $187.5m (3.4%), basic materials firms and utilities providers with $33m (0.6%), and healthcare providers with $18.6m (0.3%). In parallel, consumer staples companies posted net losses of $31m in the first nine months of 2022, followed by oil & gas companies with $2.9m, and technology firms with $0.8m. Further, the net earnings of basic materials firms rose by 116.3% in the covered period, followed by the income of banks (+22%), healthcare providers (+19.5%), and telecommunications firms (+19%). In contrast, the income of the industrial sector decreased by 89% in the first nine months of 2022, followed by the net earnings of real estate sector (-58.8%), insurers (-42.4%), financial services providers (-38 %), companies in the discretionary consumers goods segment (-25%), and utilities providers (-3%).

Source: KAMCO

OUTLOOK

SAUDI ARABIA

Structural reforms drive favorable economic outlook

The Institute of International Finance (IIF) considered that Saudi Arabia's short-term macroeconomic outlook will remain favorable despite tighter global financial conditions. However, it anticipated real GDP growth to decelerate in 2023, due to stagnant oil production amid robust activity in the non-oil sector. As such, it projected real GDP growth to decline from 8.9% in 2022 to 2.9% in 2023, as it forecast real oil GDP growth at 0.1% and for activity in the non-oil sector to expand by 4.7% next year. It noted that the economy continues to benefit from the implementation of large infrastructure projects that are mostly funded by the Public Investment Fund (PIF) and the National Development Fund. It expected that the Kingdom's ambitious reforms agenda supports the authorities' efforts to diversify the economy away from the oil sector in order to raise potential growth in the medium to long terms.

In parallel, the IIF expected the authorities' fiscal stance in 2023 to balance fiscal sustainability with social and development spending. It projected the fiscal surplus to decrease from 5.9% of GDP in 2022 to 4.3% of GDP in 2023, in case public spending in 2023 is unchanged from its 2022 level, oil prices average $85 per/barrel (p/b), and Saudi Aramco transfers to the government 70% of its oil export receipts. Also, it forecast the Kingdom's fiscal breakeven oil price at $80 p/b in 2023, in case of a 6% increase in non-oil revenues, if public expenditures do not increase in 2023, the volume of oil exports is unchanged in 2023, and if Saudi Aramco transfers to the government 70% of total oil export receipts. In addition, it projected the current account surplus to decline from 16% of GDP in 2022 to 8% of GDP in 2023, in case oil prices average $80 p/b next year. It also estimated that for every $10 p/b drop in oil prices, the Kingdom's oil export receipts decrease by $32bn, the current account balance worsens by 4.5 percentage points (ppts) of GDP, and the fiscal balance deteriorates by about 3 ppts of GDP.

Source: Institute of International Finance

ANGOLA

Outlook contingent on economic diversification

Standard Chartered Bank projected Angola's real GDP growth rate to accelerate from 2.9% in 2022 to 3.1% in 2023, driven mainly by non-oil sector activity and higher oil production as a result of new investments in the sector. However, it anticipated that oil output will decline over time as fields mature, and did not expect the oil sector to be a strong driver of growth in the long term. As such, it considered that the authorities' economic diversification efforts will be crucial starting in 2023. In addition, it anticipated that the government's momentum on reforms, including the privatization of state-owned enterprises, will remain strong through 2027.

Further, it projected the inflation rate to decrease from an average of 21.8% in 2022 to 14.7% in 2023 and 11.5% in 2024. As such, it anticipated that Banco Nacional de Angola (BNA) will cut its policy rate from 19.5% currently to 18% by the end of 2023 and to 15% by end-2024, and noted that the BNA could accelerate the pace of cuts if the inflation rate continues to decline. Further, it expected the kwanza to depreciate starting in 2023 due to lower sales of foreign currency, as the authorities focus on building buffers rather than on supporting the currency.

In parallel, it projected the fiscal surplus to decrease from 6.3% of GDP in 2022 to 4.7% of GDP in 2023 and 3% of GDP in 2024, in case of lower oil revenues. It pointed out that the public debt level declined from about 130% of GDP at the end of 2021 to 66% of GDP at end-June 2022, mainly due to the appreciation of the kwanza and higher nominal GDP, and expected it to stabilize at this level in 2023. However, it anticipated that the potential depreciation of the kwanza could offset the improvement in the public debt level that resulted in part from the early repayment of a share of the external debt. Also, it said that authorities aim to diversify the government's sources of borrowing, to reduce China's share in the external debt, and to increase concessional borrowing. It added that Angola's medium-term debt plan shows that the government's external debt maturities exceed $4bn annually through 2028, and that maturities peak at over $8bn in 2029. It considered that the elevated external debt servicing cost is a key risk to the outlook, given that foreign currency reserves are not accumulating despite a large current account surplus. Further, it forecast the current account surplus to decrease from 13.1% of GDP in 2022 to 8.9% of GDP in 2023 and 5% of GDP in 2024.

Source: Standard Chartered Bank

TÜRKIYE

Current policy mix clouds economic outlook

Moody's Investors Service did not expect the Turkish authorities' current policy mix to be sustainable in the medium to long terms, as it considered the policies to be costly, increasingly complex and counter to the government's aim of achieving sustainable, export-led and investment-led growth. It anticipated that the unpredictability of the authorities' macro-prudential policies, which the authorities frequently change and update, will increase uncertainties, add to the cost of doing business, and deter investments. It pointed out that, despite significantly negative real interest rates, fixed capital formation has declined on an annual basis in recent quarters, and expected investments to remain subdued in the coming quarters. It also considered that the unpredictability of the authorities' unorthodox fiscal and monetary policies, and the low credibility of the monetary authority, limit the appetite of foreign investors for Turkish assets.

In parallel, it expected the inflation rate to stay elevated in 2023, and added that the possible doubling of the minimum wage early next year will increase the risk of higher inflationary pressures. Still, it noted that the proposed discount on energy imports from Russia could support domestic energy prices in 2023. It projected the inflation rate at nearly 50% by the end of next year, which would weigh on the exchange rate of the lira. It pointed out that investor confidence in the local currency is low and that gold imports have risen sharply, which it viewed as a sign that household confidence in the banking system's deposit protection scheme might be fading. In addition, it estimated that the current account deficit will reach $60bn in 2022, and anticipated the current account balance to remain in deficit in 2023. It expected that authorities will have to refinance nearly $52bn in long-term external debt payments next year.

Source: Moody's Investors Service

IRAQ

IMF recommends saving oil windfall

The International Monetary Fund (IMF) considered that the Iraqi authorities' policy priorities should include a sound fiscal framework to address the country's economic challenges. It called on authorities to carefully balance the goals of saving the oil windfall that has accrued from high global oil prices with increasing critical social spending and public investments, while gradually reducing the economy's dependence on the oil sector. It suggested that the government should save a significant portion of the oil windfall by targeting a non-oil primary fiscal deficit of 58% of non-oil GDP in 2023, mostly by containing the expansion in the public-sector wage bill and through the mobilization of non-oil revenues. Also, it stressed the need to reduce large pro-cyclical public expenditures in the 2023 budget that could fuel inflationary pressures and further increase the budget's dependence on oil revenues. In addition, the IMF urged the Central Bank of Iraq to stand ready to tighten monetary policy in case inflationary pressures intensify amid the looser fiscal stance and the second-round effects of high global commodity prices. It added that the authorities need to combine the implementation of the proposed fiscal framework with sustained policy efforts in several key areas, including the diversification of public revenues, the reduction of the public-sector wage bill, and the rehabilitation of the electricity sector. It also encouraged authorities to improve public financial management, enhance the social safety net, as well as strengthen governance and the stability of the financial system.

Source: International Monetary Fund

ARMENIA

Real GDP growth to average 4.5% in medium term

The International Monetary Fund (IMF) indicated that the economy has maintained strong growth momentum, supported by robust consumption and the inflows of capital, income and labor, and projected real GDP growth to accelerate from 5.7% in 2021 to 11% in 2022. It also forecast economic activity to expand by 4.5% in 2023 and for real GDP growth to stabilize at this level in the medium term. It considered that the outlook is subject to significant uncertainties about spillovers from Russia's war on Ukraine, tighter global financial conditions, and weaker growth in major trading partners. In parallel, it projected the fiscal deficit at 2.5% of GDP in 2022 and 3% of GDP in 2023. It expected the authorities' fiscal policy framework to keep the public debt level on a declining path, in line with Armenia's fiscal rules, and it forecast the public debt level to decrease from 63.4% of GDP at the end of 2021 to 54% of GDP by end-2023. In addition, it projected the current account deficit to widen from 3.7% of GDP in 2021 to 5.6% of GDP in 2022 and to reach 5.5% of GDP in 2023. Still, it forecast foreign currency reserves at the Central Bank of Armenia (CBA) to rise from $3.23bn at the end of 2021 to $3.55bn at end-2023. Further, it considered that the CBA's monetary policy is appropriate and aims to contain inflationary pressures. It expected that the CBA's commitment to exchange rate flexibility and to maintaining healthy reserve buffers will continue to support the economy in the event of external shocks. In parallel, the IMF approved a $171m 36-month Stand-By Arrangement for Armenia to help maintain the country's macroeconomic stability, and support the authorities' structural reform agenda.

Source: International Monetary Fund

GHANA

IMF deal focuses on rapid debt restructuring

The International Monetary Fund (IMF) announced that it has reached a staff-level agreement with the Ghanaian authorities on a three-year Extended Fund Facility (EFF) of about $3bn to support comprehensive economic policies and reforms. It said the EFF aims to help Ghana restore macroeconomic stability and debt sustainability, as well as to preserve financial stability, and lay the foundation for a strong and inclusive recovery. In addition, it noted that authorities have committed to structural and fiscal consolidation reforms, including the development of a medium-term plan to generate additional public revenues and advance reforms to boost tax compliance. It added that authorities have launched a comprehensive debt restructuring program in order to achieve public debt sustainability. It considered that authorities need to show commitment and progress on this front in order to receive the approval of the IMF's Executive Board on the $3bn loan. Further, it pointed out that the authorities' program aims to reduce the inflation rate, rebuild external buffers, address structural weaknesses, and enhance the economy's resilience to shocks. In parallel, Fitch Ratings downgraded Ghana's long-term local currency Issuer Default Ratings (IDRs) from 'CC' to 'C', which is nine notches below investment grade, and affirmed the long-term foreign currency IDRs at 'CC'. It also affirmed the short-term local and foreign currency IDRs at 'C', and maintained the Country Ceiling at 'B-'. It attributed the downgrade to the government's announcement that it will restructure its local currency debt.

Source: International Monetary Fund, Fitch Ratings

NIGERIA

Economic prospects dependent on oil output and monetary reforms

Deutsche Bank projected Nigeria's real GDP to grow by 3.7% in 2023, in case the country's oil output recovers from an average of 1.2 million barrels per day (b/d) currently to 1.4m b/d next year, amid expectations that authorities will step up efforts to address pipeline leakages and oil theft. It also anticipated the inflation rate to decline from an average 18.8% in 2022 to 18.3% in 2023, and considered that inflationary pressures are mostly the consequence of foreign currency shortages and adverse weather conditions. Further, it anticipated a gradual devaluation of the Nigerian naira amid inflationary pressures, and added that a shift to a simplified exchange rate system will take time. It also anticipated that the removal of excess naira in the domestic market through new notes in circulation, as well as prospects of higher output of refined oil products in the second half of 2023, could support the clearing of foreign currency backlogs. Also, it forecast foreign currency reserves at between $36bn and $42bn at the end of 2023. In parallel, it projected the fiscal deficit to narrow from 4.5% of GDP in 2022 to 3.5% of GDP in 2023, in case of higher nominal GDP. It said that fuel subsidies, which it estimated at about $8bn in 2022, continue to weigh on Nigeria's public finances. It anticipated that the country's debt servicing capacity could come under pressure next year in the absence of new channels to mobilize revenues and if authorities keep the energy subsidies. In addition, it forecast the current account surplus at 1.2% of GDP to 1.5% of GDP in the coming two years.

Source: Deutsche Bank

BANKING

AFRICA

Banks' resilience contingent on sovereign debt risks

Fitch Ratings considered that the deteriorating global and domestic economic backdrops will undermine credit drivers for banks in Africa in 2023. However, it expected that moderate real GDP growth in African economies, as well as the banks' relatively good fundamentals and buffers, will prevent a more negative scenario. It anticipated that sovereign downgrades of African countries could lead to the downgrade of banks in these jurisdictions, but noted that the biggest risk to banks stems from potential sovereign defaults. It indicated that many African governments are facing elevated and increasing debt servicing burdens that are exacerbated by rising interest rates, a stronger US dollar, and unfavorable external funding conditions. In parallel, it anticipated risks to asset quality to materialize, as it expected elevated inflation rates, rising interest rates, currency depreciation and foreign currency shortages in African economies to weigh on the debt repayment capacity of households and businesses, and on the operating environment of these countries. Still, it anticipated a moderate increase in impaired loan ratios in most of Africa's banking systems. It also expected that a sharp fall in global commodity prices as a result of weaker global economic activity, or economic developments in China, could accelerate the pace of asset quality deterioration. Further, it expected African banks to remain profitable in 2023 and to benefit from rising interest rates and satisfactory lending growth, which it anticipated will mitigate the moderate rise in credit costs. It indicated that the banks' capitalization, funding and liquidity profiles are adequate, while it anticipated external funding to be expensive amid tighter global financing conditions. It anticipated political risks in Africa to remain elevated and to generate further market uncertainty for African economies.

Source: Fitch Ratings

OMAN

Agencies take rating actions on five banks

Fitch Ratings upgraded the long-term Issuer Default Ratings (IDRs) of Sohar International Bank (SIB) and Ahli Bank (ABO) from 'B+' to 'BB-', while it affirmed the ratings of Bank Muscat at 'BB' and the IDR of Bank Dhofar at 'BB-'. It also maintained the 'stable' outlook on the IDRs of the four banks, in line with the outlook on the sovereign ratings. It added that the banks' IDRs reflect the authorities' ability to provide support to banks. In parallel, Fitch affirmed the Viability Rating (VR) of Bank Muscat at 'bb', and it affirmed at 'bb-' the VRs of Bank Dhofar, and at 'b+' the VRs of SIB and ABO. It said that an upgrade of the sovereign ratings, along with further improvement in Oman's business environment, could lead to an upgrade of the VRs of Bank Muscat. In parallel, Moody's Investors Service affirmed the long-term local and foreign currency deposit ratings of HSBC Bank Oman (HBON) at 'Ba2' and the ratings of Sohar International Bank (SIB) at 'Ba3'. Also, it affirmed the Baseline Credit Assessments (BCAs) of HBON and SIB at 'ba3'. Further, it revised the outlook on HBON's long-term deposit ratings from 'positive' to 'developing', while it affirmed the ratings of SIB at 'positive'. It indicated that the outlook revision reflects HBON's merger with SIB, as it considered that the merger would result in the downgrade of HBON's deposit ratings to the same level as SIB's ratings.

Source: Moody's Investors Service, Fitch Ratings

EGYPT

Agencies take rating actions on banks

Capital Intelligence Ratings affirmed the short- and long-term foreign currency ratings of Commercial International Bank (CIB), Banque du Caire (BdC), QNB Alahli, and Bank of Alexandria at 'B' and 'B+', respectively. It also affirmed the Bank Standalone Rating (BSR) of CIB, QNB Alahli, and Bank of Alexandria at 'b+', while it affirmed the BSR of BdC at 'b'. It also maintained the 'stable' outlook on the banks' ratings and BSRs. It indicated that the ratings of the four banks are supported by their high profitability, solid capitalization, comfortable liquidity, and good asset quality. It added that the ratings are constrained by a difficult operating environment, as well as by the adverse impact of the Russia-Ukraine conflict on economic activity in Egypt and on the country's foreign currency reserves. It noted that the ratings of Bank of Alexandria, CIB, and QNB Alahli take into account the banks' good asset quality despite their high non-performing loans ratios. In parallel, 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 of the country's external liquidity position and elevated 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 exposure to the sovereign exposure.

Source: Capital Intelligence Ratings, Fitch Ratings

MOROCCO

Credit risk assessment maintained

S&P Global Ratings maintained Morocco's banking sector in 'Group 7' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '7' and an industry risk score of '6'. The BICRA framework evaluates global 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 7' include Bahrain, Guatemala, Oman, and Thailand. The agency indicated that the economic risk score reflects "very high risks" in terms of economic resilience and credit risk in the economy, as well as "intermediate risks" for the country's economic imbalances. It projected the sector's non-performing loans ratio to increase from 9.5% at end-June 2022 to 10% in the near term, as lending slows and the current economic conditions weigh on the creditworthiness of borrowers. Further, it said that the industry score indicates that the country faces "high risks" in its competitive dynamics and system-wide funding, and "intermediate risks" in its institutional framework. It indicated that Bank al-Maghrib's (BAM) capacity to serve the sector's funding needs remains strong, despite its limited ability to provide liquidity support. Also, it considered that BAM's supervision of the sector is adequate through its monitoring of the banks' liquidity, capitalization and asset quality. It noted that the trend for the banking sector's economic and industry risk is 'stable'.

Source: S&P Global Ratings

Oil prices to average $91 p/b in fourth quarter of 2022

ICE Brent crude oil front-month prices reached $82.7 per barrel (p/b) on December 14, 2022, constituting a decrease of 3.2% from $85.4 p/b at the end of November. Also, prices increased by 8.7% from $76.1 p/b on December 9, 2022, their lowest level since December 22, 2021. The recovery in oil prices was mainly due to news of easing COVID 19-realted restrictions in China, as well as leakages at the Keystone pipeline, one of the largest crude oil pipelines connecting Canada's Alberta oilfields to the United States that affected oil supplies. Further, declining well productivity in the U.S. and the slowdown in fracking of drilled wells also supported oil prices. However, uncertainties about the recovery in the global demand for oil has kept prices subdued despite the implementation of production cuts under the OPEC+ agreement last month, the sanctions and price cap on Russian crude oil that would cause tighter supply conditions, and the plateauing of U.S. crude oil production and crude oil rig count. In parallel, the International Energy Agency expected oil prices to increase in 2023 as the full impact of the embargoes on Russian oil exports materialize and the global supply for oil declines. However, Goldman Sachs anticipated that oil prices will decline next year, amid expectations of lower demand for oil from China, Russia's oil exports near pre-war levels, and the easing of oil production issues in Kazakhstan and Nigeria. It projected ICE Brent oil prices to average $91 p/b in the fourth quarter of 2022, $90 p/b in the first quarter of 2023 and $88 p/b in the second quarter of next year.
Source: International Energy Agency, KAMCO, Goldman Sachs, Refinitiv, Byblos Research

OPEC's oil basket price down 4% in November 2022

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $89.73 per barrel (p/b) in November 2022, constituting a decrease of 4.2% from $93.62 p/b in October 2022. The price of Algeria's Sahara blend was $93.6 p/b, followed by Nigeria's Bonny light at $92.84 p/b, and Angola’s Girassol at $92.76 p/b. All prices in the OPEC basket posted monthly decreases of between $1.49 p/b and $4.62 p/b in November 2022.
Source: OPEC

Global output for natural gas to increase by 0.3% in 2023

The International Energy Agency projected global natural gas demand to reach 4,085 billion cubic meters (bcm) in 2023, which would constitute an increase of 0.3% from 4,071 bcm in 2022. It anticipated demand for natural gas in North America at 1,102 bcm and to represent 27% of the world's aggregate demand in 2023, followed by Asia Pacific with 923 bcm (22.6%), Eurasia 614 bcm (15%), the Middle East with 596 bcm (14.6%), Europe with 531 bcm (13%), and Africa with 171 bcm (4.2%).
Source: International Energy Agency, Byblos Research

OPEC oil output down 3% in November 2022

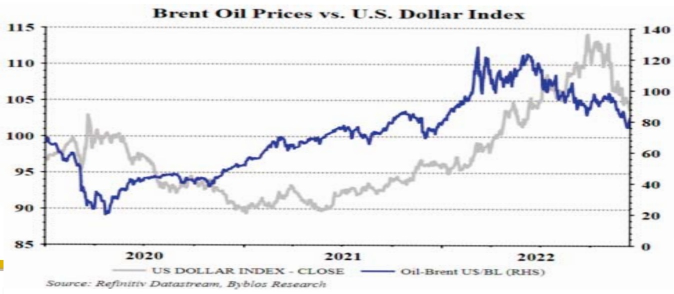
Members of OPEC, based on secondary sources, produced 28.8 million barrels of oil per day (b/d) on average in November 2022, constituting a decrease of 2.5% from 29.6 million b/d in October 2022. Saudi Arabia produced 10.5 million b/d, or 36.3% of OPEC's total output, followed by Iraq with 4.5 million b/d (15.5%), the UAE with 3.03 million b/d (10.5%), Kuwait with 2.7 million b/d (9.3%), and Iran with 2.6 million b/d (8.9%).
Source: OPEC

Base Metals: Zinc prices to average $3,400 per ton in fourth quarter of 2022

The LME cash prices of zinc averaged $3,507.5 per ton in the year-to-December 14, 2022 period, constituting a surge of 17.7% from an average of $2,980 a ton in the same period of 2021, driven by speculations that major smelters in China are reducing output due to power outages. Further, prices regressed from an all-time high of $4,563 per ton on April 19 2022, following Russia's military invasion of Ukraine, to $3,261.5 per ton on December 14, 2022. In parallel, the latest figures released by the International Lead and Zinc Study Group (ILZSG) show that global demand for refined zinc was 11.2 million tons in the first 10 months of 2022, constituting a decline of 3.2% from 11.6 million tons in the same period of 2021, due to the decrease in demand for the metal from China, France, Japan, Russia and Ukraine, which was largely offset by higher demand in India, Saudi Arabia, and Türkiye. Also, global zinc production was 11.12 million tons in the first 10 months of 2022, representing a decrease of 3.2% from 11.5 million tons in the same period of 2021, due to decreases in mining activity in Australia, Burkina Faso, Canada, China, Ireland, Mexico, Kazakhstan, and Peru, which were partially offset by higher production in India, Portugal, South Africa and the United States. In addition, mine output accounted for 92% of global refined zinc production in the first 10 months of 2022. Moreover, Citi Research projected zinc prices to average $3,100 a ton in the fourth quarter and $3,510 a ton in full year 2022.
Source: ILZSG, Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,600 per ounce in first quarter of 2023

Gold prices averaged $1,802.2 per troy ounce in the year to December 14, 2022 the year, nearly unchanged from an average of $1,799.3 an ounce in the same period of 2021. Further, prices regressed by 12% from a peak of $2,506 per ounce on March 8 of this year to $1,811 an ounce on December 14, 2022 due to the tightening of monetary policy by several central banks around the world. In parallel, Standard Chartered Bank indicated that gold prices breached the threshold of $1,800 per ounce as investors scaled back their expectations of further interest rate hikes by the U.S. Federal Reserve. Also, it said that consumer demand worldwide, restocking, retail investor interest, and purchases by central banks globally have supported prices in recent months. It added that the buying of gold bullions by central banks worldwide reached a record high in the third quarter of 2022. Further, Standard Chartered Bank forecast gold prices to average $1,600 per ounce in the first quarter of 2023, $1,610 an ounce in the second quarter, and $1,650 per ounce in the third quarter of 2023.
Source: Standard Chartered Bank, 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	CC	Ca	C	-								
	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	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+								
	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	Positive	-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	4.50	14-Dec-22	Raised 50bps	01-Feb-22
Eurozone	Refi Rate	2.50	15-Dec-22	Raised 50bps	N/A
UK	Bank Rate	3.50	15-Dec-22	Raised 75bps	N/A
Japan	O/N Call Rate	-0.10	28-Oct-22	No change	20-Dec-22
Australia	Cash Rate	3.10	06-Dec-22	Raised 35bps	N/A
New Zealand	Cash Rate	4.25	23-Nov-22	Raised 75bps	22-Dec-22
Switzerland	SNB Policy Rate	1.00	15-Dec-22	Raised 50bps	N/A
Canada	Overnight rate	4.25	07-Dec-22	Raised 50bps	25-Jan-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	21-Nov-22	No change	20-Dec-22
Hong Kong	Base Rate	4.75	15-Dec-22	Raised 50bps	N/A
Taiwan	Discount Rate	1.75	15-Dec-22	Raised 0.125bps	N/A
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	10-Feb-23
UAE	Base Rate	4.40	14-Dec-22	Raised 50bps	N/A
Saudi Arabia	Repo Rate	5.00	14-Dec-22	Raised 50bps	N/A
Egypt	Overnight Deposit	13.25	27-Oct-22	Raised 200bps	22-Dec-22
Jordan	CBJ Main Rate	5.25	06-Nov-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	16.50	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	07-Dec-22	No change	N/A
Armenia	Refi Rate	10.75	13-Dec-22	Raised 25bps	N/A
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	16.75	05-Dec-22	Raised 75bps	N/A
Ukraine	Discount Rate	25.00	08-Dec-22	No change	26-Jan-23
Russia	Refi Rate	7.50	28-Oct-22	No change	16-Dec-22

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