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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Merchandise trade up 13% in third quarter of 2022

The World Trade Organization indicated that the volume of global merchandise trade increased by 13% in the third quarter of 2022 from the same period of 2021 and grew by 1.3% from the second quarter of 2022. It noted that the volume of merchandise exports expanded by 12% and the volume of merchandise imports increased by 14% in the third quarter of 2022 from the same period of 2021, while merchandise exports and imports grew by 1.1% and 1.5 %, respectively, in the third quarter of 2022 from the preceding quarter. On a regional basis, it estimated that the volume of merchandise exports expanded by 22% in North America in the third quarter of 2022 from the same quarter of the previous year, followed by exports from South & Central America (+14%), and Asia and Europe (+9% each), while merchandise exports from other regions surged by 28% in the covered quarter. In parallel, it estimated that the volume of merchandise imports rose by 27% in South & Central America in the third quarter of 2022 from the same period of 2021, followed by merchandise imports from North America and Europe (+16% each), and Asia (+11%), while merchandise imports from other regions increased by 12% in the covered period. In parallel, it noted that trade in fuels and mining products expanded by 12.3% in the third quarter of 2022 from the same quarter of the previous year, while trade in non-fuel commodities declined by 14.8% and trade in manufactured goods regressed by 1.9% in the covered quarter.

Source: World Trade Organization

EMERGING MARKETS

Fixed income trading up 1% to $1,255bn in third quarter of 2022

Trading in emerging markets (EMs) debt instruments reached $1,255bn in the third quarter of 2022, constituting an increase of 1% from $1,248bn in the same quarter of 2021 and a decrease of 4% from $1,309bn in the second quarter of 2022. Further, trading in debt instrument amounted $4,058bn in the first nine months of 2022 compared to $3,974bn in the same period of 2021. Turnover in local-currency instruments reached $827bn in the third quarter of the year, up by 8% from $763bn in the third quarter of 2021, and accounted for 66% of the debt trading volume in EMs during the covered period. In parallel, trading in Eurobonds stood at $420bn in the third quarter of 2022, down by 12% from $479bn in the same period of the previous year. The volume of traded sovereign Eurobonds reached $279bn and accounted for 66% of total Eurobonds traded in the third quarter of 2022, relative to $316bn and a share of 67% in the same quarter of 2021. Also, the volume of traded corporate Eurobonds totaled $140bn or 33% of Eurobonds traded in the covered period, unchanged from the third quarter of 2021. The most frequently traded instruments in the covered quarter were Mexican fixed income assets with a turnover of $243bn, or 19% of the total, followed by securities from Brazil with $198bn (16%), and instruments from China with $132bn (10%). Other frequently traded instruments consisted of fixed income securities from India at $65bn (5.2%) and from South Africa at $63bn (5%). In parallel, survey participants reported $8.3bn in loan assignments and $109m in warrant and option trades in 2022.

Source: EMTA

MENA

Stock markets down 7% in 2022

Arab stock markets decreased by 7.2% and Gulf Cooperation Council equity markets regressed by 5.4% in 2022, relative to increases of 28.4% and 30.3%, respectively, in 2021. In comparison, global stocks dropped by 19.8% and emerging market equities fell by 20.4% in 2022. Activity on the Beirut Stock Exchange, based on the official stock market index, jumped by 266.2% in 2022, the Khartoum Stock Exchange surged by 262%, the Damascus Securities Exchange grew by 73%, the Egyptian Exchange appreciated by 22.2%, the Abu Dhabi Securities Exchange improved by 20.3%, the Amman Stock Exchange advanced by 18%, and the Muscat Securities Market yielded 17.6%. In addition, the Tunis Bourse increased by 15%, the Bahrain Bourse improved by 5.5%, the Palestine Exchange grew by 5%, the Dubai Financial Market expanded by 4.4%, and the Iraq Stock Exchange gained 3% last year. In contrast, activity on the Casablanca Stock Exchange dropped by 19.7%, the Qatar Stock Exchange declined by 8%, the Saudi Stock Exchange regressed by 7%, and the Boursa Kuwait retreated by 6.4% in 2022.

Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

GCC

Fixed income maturities at $369bn in 2023-27 period

Figures released by KAMCO show that bonds and sukuk maturities for sovereign and corporate issuers in the Gulf Cooperation Countries (GCC) countries stand at $368.5bn in the 2023-27 period and consist of $67.5bn that are due in 2023, $84.3bn that mature in 2024, $72.4bn payable in 2025, $82.2bn due in 2026, and $62.1bn that mature in 2027. Sovereign and corporate bonds total $230.1bn, or 62.4%, of total fixed income maturities in the covered period, while sovereign and corporate sukuk represent $138.3bn, or 37.5% of the total. Further, sovereign maturities amount to $199.4bn and account for 54% of the total, while corporate bonds and sukuk maturities stand at $169.1bn or 46% of the total in the 2023-27 period. Saudi Arabia has $125bn in upcoming sovereign and corporate maturities in the next five years, which represent 34% of total fixed income dues in the covered period, followed by the UAE with $110bn (29.8%), Qatar with $73.2bn (20%), Oman with $23.8bn (6.5%), Bahrain with $22.7bn (6.2%), and Kuwait with $14.1bn (3.8%). Further, maturing bonds and sukuk in US dollars total $219.7bn, or 59.6% of aggregate maturities in the covered period, followed by dues in Saudi riyals with $63.5bn (17.2%), in Qatari riyals with $28.5bn (7.7%), in Euros with $14.4bn (3.9%), in Bahraini dinars with $8.5bn (2.3%), in Omani riyals with $8bn (2.2%), in the Chinese yuan with $7.8bn (2.1%), in Swiss francs with $4.4bn (1.2%), in British pounds with $3.4bn (0.9%), and in UAE dirhams with $3bn (0.8%), while maturities in other currencies amount to $7.1bn (1.9%). On a sectoral basis, banks and other financial services providers in the GCC have $118.4bn due in the next five years, which account for 32% of aggregate maturities, followed by firms in the energy sector with $19.6bn (5.3%), utilities with $10.7bn (3%), and consumer discretionary companies with $6bn (1.7%).

Source: KAMCO

OUTLOOK

GCC

Elevated hydrocarbon prices to maintain fiscal and external surpluses in next five years

Goldman Sachs considered that high global oil prices in the near to medium terms imply elevated hydrocarbon revenues for Gulf Cooperation Council (GCC) countries, despite the recent decline in hydrocarbon prices. It estimated that these receipts will reach in 2022 levels close to their historic highs of 2012, and will be significantly higher than the level of revenues that GCC economies realized in the 1970s oil boom, even when adjusting for inflation. It estimated that elevated hydrocarbon receipts, combined with historically low fiscal and external breakeven oil prices, would result in fiscal and external surpluses for the region in the coming five years. As such, it projected the aggregate GDP-weighted fiscal surplus of GCC countries at 3% of GDP in 2023 and at 0.1% of GDP by 2026, and for their GDP-weighted current account surplus to decline from 13.5% of GDP this year to 10% of GDP by 2026, in case oil prices decrease gradually from an average of $90 per barrel (p/b) in 2023 to $80 p/b in 2026.

In parallel, it expected that the twin surpluses of GCC countries will support their balance sheets and further strengthen their position as key creditors in the global economy. It estimated the aggregate external assets of GCC economies at $4.2 trillion at end -2022, and projected them to reach $5.5 trillion by end-2026, in case oil prices decline from an average of $90 p/b in 2023 to $80 p/b in 2026. It also forecast the external assets of GCC sovereigns to reach $6 trillion in case oil prices rise steadily to $120 p/b in the 2023-26 period, while it anticipated them at just below $5 trillion if oil prices decline to $40 p/b in the same timeframe. It considered that the oil windfall will lead to a significant pick-up in domestic investments, which would drive stronger economic growth for the region in the near to medium terms.

Source: Goldman Sachs

ETHIOPIA

Economic outlook to remain challenging

Standard Chartered Bank projected real GDP growth in Ethiopia to accelerate from 3.8% in the fiscal year that ended in June 2022 to 5.1% in FY2022/23 and 6% in FY2023/24, but considered the outlook to be challenging as it expected the recovery in economic activity from the conflict in the Tigray region to be partly offset by the worsening of foreign currency shortages. Further, it anticipated the inflation rate to remain elevated but to decline from an average of 33.7% in FY2021/22 to 24.5% in FY2022/23. It expected that the shortages of foreign currency in the local market, the deprecation of the Ethiopian birr, and the drought and low agricultural production, will exacerbate inflationary pressures.

In parallel, it projected the fiscal deficit at 5.2% of GDP in FY2022/23 compared to the authorities' forecast of a deficit 3.4% of GDP for this year, due to higher-than-expected conflict-related costs and lower-than-anticipated real GDP growth. It added that the government is heavily dependent on domestic borrowing to fund its fiscal deficit. In addition, it expected the current account deficit at 4% of GDP in FY2022/23 and at 5% of GDP in FY2023/24, due mainly to the limited availability of foreign currency in the domestic market to finance imports and to the authorities' measures to limit the import of non-essential items. It expected that still-high remittance inflows and foreign direct investments will offset a wider current account deficit, in case the improved security backdrop prevails. Still, it anticipated that Ethiopia will have significant balance-of-payments financing needs, which authorities have been meeting to date through the drawdown of foreign currency reserves.

Further, it indicated that Ethiopia's external liquidity situation is increasingly difficult, given limited foreign currency earnings and elevated external debt servicing costs. It said that the government is projecting external debt servicing at $2.1bn in FY2022/23, $2.2bn in FY2023/24 and $3.4bn in FY2024/25. It expected the authorities to focus on privatization plans in order to increase foreign investment inflows. As such, it considered that Ethiopia needs to step up efforts on its external debt negotiations under the Common Framework in 2023. Also, it considered that there is a need to accelerate the pace of the depreciation of the exchange rate, in case authorities want to avoid a large one-off devaluation this year. However, it expected the authorities to favor a slower devaluation given their concerns about external debt servicing costs.

Source: Standard Chartered Bank

UAE

Non-hydrocarbon growth to average 4.8% in 2022-23 period

The Institute of International Finance projected the United Arab Emirates' (UAE) real GDP growth to decelerate from 7.6% in 2022 to 3.3% in 2023, following an expansion of 4.1% in 2021. It also expected real hydrocarbon GDP growth to decelerate from 13.7% in 2022 to 0.3% in 2023, and for activity in the non-hydrocarbon sector to regress from 5.1% in 2022 to 4.5% in 2023. It attributed the slowdown of the hydrocarbon sector's growth to oil production cuts under the OPEC+ agreement that will be borne by Saudi Arabia, the UAE, and Kuwait. Further, it forecast real GDP growth in the Emirate of Abu Dhabi to decelerate from 9% in 2022 to 2.9% this year, and anticipated the Emirate of Dubai's economic growth to regress from 5.2% last year to 4% in 2023, despite the recovery in the trade, retail, and tourism sectors. Also, it considered that the impact of the war in Ukraine and the expected economic slowdown in Europe on the UAE economy will be limited, even though the latter is globally integrated and exposed to external risks. Further, it expected the inflation rate in the country to remain relatively modest at 2.4% in 2022 and 2.6% in 2023, supported by the peg of the UAE dirham to the US dollar, as well as by stable rent prices amid continued higher supply, and the stagnation of the labor market.

In parallel, the IIF projected the UAE's fiscal surplus to narrow from 7.8% of GDP in 2022 to 4.2% of GDP in 2023, due to a decrease in hydrocarbon receipts as a result of the decline global oil prices, and forecast the public debt level to decline from 43.8% of GDP in 2022 to 41.5% of GDP in 2023. Further, it forecast the current account surplus to narrow from 15.6% of GDP in 2022 to 12.1% of GDP in 2023. Also, it projected gross public foreign assets of the UAE at $994bn, or the equivalent to 195% of GDP by end-2023. In addition, it considered that the privatization of government-related entities (GREs) and the enforcement of competition laws and regulations on all entities would improve the efficiency of GREs.

Source: Institute of International Finance

IRAQ

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Iraq's short- and long-term foreign currency issuer default ratings (IDRs) at 'B-', six notches below investment grade, and maintained the 'stable' outlook on the long-term rating. It also affirmed Iraq's Country Ceiling at 'B-'. It attributed the affirmation of the ratings to the country's elevated foreign currency reserves and low debt servicing costs. It said that the ratings are constrained by the economy's high dependence on the oil sector, weak governance, elevated political risks, and an underdeveloped banking sector. Also, it pointed out that the absence of structural, economic or fiscal reforms, as well as the persistence of political risks, are weighing on the ratings. Further, it projected the fiscal balance to post surpluses of 10% of GDP in 2022 and 2.2% of GDP in 2023. In parallel, the agency said that it could downgrade Iraq's ratings in case the country's external or fiscal position deteriorates, and/or in case of a significant worsening in the country's security conditions that could negatively impact oil production and exports. In contrast, it noted that it would upgrade the ratings in case of a sustained period of high oil prices, higher oil production and exports that would reduce the public debt level and support the country's external balances, if authorities implement fiscal and structural reforms, and/or if non-oil activity in the country improves.

Source: Fitch Ratings

KUWAIT

Real GDP to pick up to 8% in 2022 on higher oil prices and improving economic activity

The International Monetary Fund projected Kuwait's real GDP growth to accelerate from 1.3% in 2021 to 8% in 2022, relative to a contraction of 8.9% in 2020. It attributed the economic recovery to the authorities' swift and decisive response to the COVID-19 pandemic, to the rise in oil production, high oil prices, and sustained improvement in domestic demand. But it expected economic activity to moderate in 2023, as a result of slowing external demand and oil production cuts under the OPEC+ agreement. Also, it indicated that the direct adverse spillovers from Russia's invasion of Ukraine have been contained so far, given Kuwait's limited trade and financial linkages with the two countries. Further, it said that the Central Bank of Kuwait's tightening of monetary policy, as well as the limited pass-through effect from higher global commodity prices, have limited inflationary pressures. In parallel, it pointed out that the fiscal and current account surpluses increased significantly in 2022 due to elevated oil prices. It noted that the authorities continue to implement measures to improve fiscal revenue collection and spending efficiency. In addition, it considered that the macroeconomic outlook is subject to uncertainties and risks surrounding the external environment, including the potential impact of monetary policy tightening in major advanced economies and a further slowdown in global economic activity. It also considered that the volatility in oil prices and production, which originates from external factors such as the geopolitical environment, could weigh on the country's economic activity and macroeconomic balances. It noted that delays in fiscal and structural reforms in Kuwait could amplify the country's fiscal policy risks and hinder progress toward more economic diversification and higher competitiveness.

Source: International Monetary Fund

EGYPT

IMF deal contingent on wide-ranging reforms

The International Monetary Fund (IMF) announced that it has approved a 46-month arrangement of about $3bn for Egypt under the Extended Fund Facility (EFF) that will help meet the country's balance of payments needs and provide much-needed budgetary support. It indicated that the IMF-supported program aims to preserve Egypt's macroeconomic stability, restore buffers, and pave the way for private sector-led growth. It added that the package includes a shift to a flexible exchange rate regime to increase the country's resilience against external shocks and to rebuild external buffers, a gradual reduction of the inflation rate, as well as fiscal consolidation. It said that authorities will also implement wide-ranging structural reforms to reduce the footprint of the state in the economy and strengthen governance and transparency in the public sector. It noted that the EFF is also expected to catalyze additional financing of about $14bn from Egypt's international and regional partners, including new financing from Gulf Cooperation Council countries and other partners through the ongoing divestment of state-owned assets. In parallel, the IMF indicated that Russia's war on Ukraine has underlined the economy's pre-existing imbalances and vulnerabilities, triggered capital outflows, reduced foreign currency reserves at the Central Bank of Egypt and the net foreign assets of banks, and widened the exchange rate misalignment. It considered that the authorities' commitment and political support to structural reforms will be critical to achieving the objectives of the IMF-supported program.

Source: International Monetary Fund

PAKISTAN

Sovereign ratings downgraded on rising macroeconomic and external risks

S&P Global Ratings downgraded Pakistan's short and long-term sovereign credit ratings from 'B/B-' to 'C/CCC+', which are 11 and seven notches below investment grade, respectively. It also lowered the country's Transfer & Convertibility Assessment from 'B-' to 'CCC+', and revised the outlook from 'negative' to 'stable' on the long-term ratings. It attributed the downgrades to the continued deterioration of Pakistan's external, fiscal and economic metrics. It estimated that the balance of payments will be under pressure in 2023, given the country's limited foreign currency reserves, its elevated gross external financing needs, the timing and availability of external support, and its vulnerability to energy prices. It anticipated the country's gross external financing needs at 133.7% in FY2022/23 and at 138.2% of such receipts and reserves in FY2023/24. Further, it expected the public debt level to remain elevated and for the fiscal deficit to widen in 2023, with debt servicing absorbing more than 40% of government receipts. It noted that Pakistan faces elevated political risks, which may affect its policy trajectory in the next 12 months. In parallel, it said that the 'stable' outlook balances risks to Pakistan's external liquidity position and fiscal performance in the next 12 months, with the prospect of additional support from bilateral and multilateral partners. In parallel, the agency said that it may downgrade the ratings in case the country's external position deteriorates rapidly and/or if fiscal deficits widen. In contrast, it noted that it could upgrade the ratings if foreign currency reserves increases and/or if Pakistan's debt servicing costs stabilize.

Source: S&P Global Ratings

BANKING

WORLD

FSB urges orderly transition from LIBOR

The Financial Stability Board (FSB) indicated that activity in global markets has fundamentally shifted from using the London Interbank Overnight Rate (LIBOR) towards the utilization of more robust reference rates, in line with the FSB's goals of supporting a more sustainable basis for interest rate markets, given that the LIBOR will cease to be utilized as a reference rate in global markets starting on July 1, 2023. It encouraged authorities and market participants worldwide to continue to focus on the transition from LIBOR, due to the extensive exposure to US dollar LIBOR contracts across jurisdictions, in order to avoid operational risks and wider market disruptions. It considered that achieving market stability in the long term requires market reliance on benchmark rates that have a strong reference foundation, which means anchoring the financial system in overnight risk-free rates (RFRs). Further, it identified two steps for the orderly transition and cessation of the remaining panel-based US dollar LIBOR settings. First, it considered that the transition from US dollar LIBOR contracts should constitute a top priority in the coming months. Second, it stressed the importance of enacting legislation to help address tough legacy contracts. Also, it encouraged the adoption of overnight RFRs as the most robust and liquid available benchmarks, and noted that the usage of overnight RFRs will strengthen the resilience of the global financial system and support the functioning of markets. It encouraged market participants to act swiftly in order to complete the transition in a timely and orderly manner.

Source: Financial Stability Board

TÜRKIYE

Macroeconomic uncertainties and policy intervention raise risks for banks

Fitch Ratings indicated that the deteriorating outlook for Turkish banks reflects the increasing risks to the country's macroeconomic and financial stability, given the Central Bank of the Republic of Türkiye's easing of monetary policy amid extremely high inflation rates, rising global interest rates, and policy uncertainty in the run-up to the upcoming presidential elections. It added that these factors are credit negative for Turkish banks and increase the likelihood of government intervention in the banking sector. Also, it said that the banks' credit profiles are sensitive to macroprudential regulations that promote the government's policy agenda, as these requirements are limiting the ability of management to set and execute the banks' strategy, and to price risk, and are creating considerable operational burdens for banks. It indicated that such regulatory intervention has a moderately negative credit effect on the banks' ratings, given the impact on the lenders' growth, risk appetite, profitability, capitalization, funding, and liquidity. Further, it pointed out that the operations of Turkish banks are highly concentrated domestically, which makes them significantly exposed to macroeconomic risks and market volatility. It noted that banks are sensitive to the depreciation of the Turkish lira due to refinancing risks amid high short-term maturing foreign-currency debt, as well as to the high dollarization rate of deposits given the banks' vulnerable foreign-currency liquidity positions. In addition, it said that the depreciation of the local currency erodes the banks' capital ratios.

Source: Fitch Ratings

JORDAN

Ratings on 10 banks affirmed, outlook revised to 'positive'

Capital Intelligence Ratings affirmed the long-term foreign currency ratings at 'B+' of Arab Bank, Arab Banking Corporation Jordan (Bank ABC Jordan), Arab Jordan Investment Bank (AJIB), Cairo Amman Bank (CAB), Capital Bank of Jordan (CBJ), the Housing Bank for Trade and Finance (HBTF), Investbank (IB), Jordan Ahli Bank (JAB), Jordan Commercial Bank (JCB), and Jordan Kuwait Bank (JKB). It also affirmed the Bank Standalone Ratings (BSRs) of the 10 banks at 'b+' and maintained the 'stable' outlook on their BSRs. Further, it revised the outlook from 'stable' to 'positive' on the banks' long-term foreign currency ratings following its similar action on the sovereign ratings and the agency's expectation that it will raise by one notch the ratings of the sovereign and the banks in the next 12 months. It pointed out that Jordan's improving sovereign creditworthiness should translate into a higher capacity by the authorities to provide support to banks in case of need. It added that the Jordanian banking sector benefits from very sound capital and liquidity buffers, and has demonstrated resilience amid the challenging operating environment in recent years. In addition, it noted that the banks' ratings are constrained by the operating environment, including elevated regional geopolitical risks. But it expected lending conditions and loan demand to recover in the short- to medium terms, In parallel, it said that high non-performing loans (NPLs) ratios are weighing on the ratings of Arab Bank, Bank ABC Jordan, CAB, IB, and JCB.

Source: Capital Intelligence Ratings

MOROCCO

Rabat to continue implementation of AML/CFT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that, in February 2021, Morocco made a high-level political commitment to work with the FATF and its regional body MENAFATF, in order to strengthen the effectiveness of the country's AML/CFT regime. Also, it noted that, in its October 2022 plenary session, the FATF has made the initial determination that Morocco has substantially completed its action plan and warrants an on-site assessment to verify that the authorities are implementing AML/CFT reforms, and that they have the necessary political commitment to sustain these reforms in the future. It noted that Morocco has taken steps to improving its AML/CFT regime by reinforcing risk-based supervision, taking remedial actions, and applying effective, proportionate and dissuasive sanctions for non-compliant cases. Also, the FATF considered that the Moroccan authorities worked on strengthening the Targeted Financial Sanctions (TFS) framework and on monitoring the compliance of financial institutions and Designated Non-Financial Businesses and Professions with TFS obligations. Also, it indicated that the government undertook and shared with the private sector and the competent authorities the results of the risk assessment on the misuse of legal persons. It added that the authorities increased the diversity of suspicious transactions reporting and established asset seizing and confiscation procedures.

Source: Financial Action Task Force

ENERGY / COMMODITIES

Oil prices to average $85 p/b in first quarter of 2023

ICE Brent crude oil front-month prices averaged $99 per barrel (p/b) in 2022, constituting an increase of 39.8% from $71 p/b in 2021. The significant increase in prices was mainly due to easing concerns about the impact of the COVID-19 pandemic on global demand for oil, supply disruptions worldwide, and Russian's war in Ukraine. Further, oil prices reached $128 p/b on March 8, 2022, their highest level since May 20, 2008, driven by rising geopolitical risks as a result of Russia's invasion of Ukraine on February 24, 2022. Also, the international sanctions and price cap on Russian crude oil exports posed upside risks to oil prices. However, prices reached $76.1 p/b on December 9, 2022, their lowest level since December 22, 2021, amid concerns that deteriorating global macroeconomic conditions would reduce energy demand. In parallel, JPMorgan Chase &Co. projected the oil market to be almost balanced in 2023. It expected global oil supply to increase by 1.7 million barrels per day (b/d), mainly from non-OPEC+ countries, and for the global oil demand to expand by 1.3 million b/d this year. Also, it anticipated that Russia would fully normalize its oil output to pre-war levels at 10 million b/d by the middle of 2023. Further, it considered that the OPEC+ coalition would need to cut its output in the near term by another 0.4 million b/d, in order to keep the oil market balanced. In addition, it projected oil prices to average $85 p/b in the first quarter, $89 p/b in the second quarter, $90 p/b in the third quarter, and $94 p/b in the fourth quarter of 2023. As such, it forecast oil prices to average $90 p/b in full year 2023.
Source: JPMorgan Chase &Co., Refinitiv, Byblos Research

Saudi Arabia's oil export receipts up 17% in October 2022

Total oil exports from Saudi Arabia amounted to 9.4 million barrels per day (b/d) in October 2022, constituting increases of 2.1% from 9.2 million b/d in September 2022 and of 13.2% from 8.3 million b/d in October 2021. Further, oil export receipts reached $25.5bn in October 2022, down by 4.4% from $26.7bn in September 2022 and up by 16.6% from $21.9bn in October 2021.
Source: JODI, General Authority for Statistics, Byblos Research

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

The Organization of Petroleum Exporting Countries (OPEC) estimated that the consumption of crude oil in the Middle East & Africa averaged 12.58 million barrels per day (b/d) in 2022, which constitutes a rise of 4.7% from 12 million b/d in 2021. The region's demand for oil represented 23.6% of demand in non-OECD countries and 12.6% of global consumption in 2022.
Source: OPEC

Global steel output down 3% in November 2022

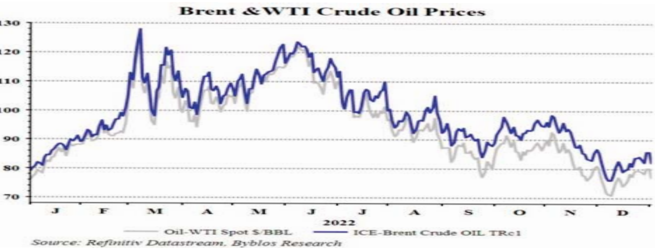
Global steel production reached 139.1 million tons in November 2022, constituting decreases of 5.6% from 147.3 million tons in October 2022 and of 3% from 143.3 million tons in November 2021. Production in China totaled 74.5 million tons and accounted for 53.6% of global steel output in November 2022. India followed with 10.4 million tons, or 7.5% of the total, then Japan with 7.2 million tons (5.2%), the U.S. with 6.4 million tons (4.6%), Russia with 5.6 million tons (3.5%), and South Korea with 4.8 million tons (3.5%).
Source: World Steel Association, Byblos Research

Base Metals: Copper prices projected to average $7,800 per ton in first quarter of 2023

LME copper cash prices averaged $8,823 per ton in 2022, constituting a decrease of 5.3% from an average of $9,317.8 a ton in 2021. Prices averaged $9,993 per ton in the first quarter of 2022, then decreased to $9,536 a ton in the second quarter and declined to an average of $7,767.3 per ton in the third quarter due to the tightening of global monetary policy and the renewed lockdown measures in China, which have limited the prospects of a recovery in copper demand. Further, copper prices increased to $8,029.7 a ton in the fourth quarter of 2022, as supply disruptions and expectations of robust global demand drove the rise in prices. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 21.5 million tons in the first 10 months of 2022, up by 2.7% from the same period of 2020, due to a rise of 4.5% in demand from China, the world's largest consumer of the metal, as well as a growth of 0.6% in global demand excluding China for refined copper. In parallel, global refined copper production grew by 2.6% to 21.2 million tons in the first 10 months of the year, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Chile. Further, Citi Research projected copper prices to average $7,800 per ton in the first quarter and in the second quarter of 2023, as well as $8,000 a ton in the third quarter and $8,500 per ton in the fourth quarter of the year. As such, it forecast prices to average $8,025 a ton in full year 2023.
Source: ICSG, Citi Research, Refinitiv

Precious Metals: Silver prices projected to average $24 per ounce in 2023

Silver prices averaged $21.8 per troy ounce in 2022, constituting a decrease of 13.3% from an average of $25.1 an ounce in 2021. Prices averaged $24.1 per ounce in the first quarter of 2022, and then decreased to $22.7 an ounce in the second quarter and to $19.3 per ounce in the third quarter, due mainly to slowdowns in demand for the metal, as well as monetary tightening in advanced economies. In contrast, silver prices increased to an average of $21.3 per ounce in the fourth quarter of 2022, driven by a surge in inflation rates globally, which has reinforced the appeal of the metal as a hedge against inflation and as a cheaper alternative to gold. In parallel, Citi Research projected the global supply of silver at 1,078 million ounces in 2023 relative to 1,027 million ounces last year, with mine output representing 82% of the total. Further, it forecast demand for the metal at 1,085 million ounces in 2023 compared to 1,082 million ounces in 2022. In addition, it expected the price of the metal to average between $19 per ounce and $20 an ounce in the next six to 12 months, in case of further monetary tightening by the U.S. Federal Reserve and a decline in demand for the metal from China and India. However, it forecast silver prices to recover to $28 per ounce in the second half of 2023, in case of lower U.S. interest rates, a weaker dollar, and a very strong economic recovery in China. Also, it forecast silver prices to average $24 per ounce in 2023.
Source: Citi Research, Refinitiv



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- Stable	B3 Positive	B- Positive	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Stable	B2 Negative	B+ Negative	B+ Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa1 RfD**	CCC -	 -	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD -	Ca Stable	C -	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Positive	BB- Stable	- -	-4.1	43.2			14.3		-3.5	1.4
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB- Negative	Ba1 Stable	BB+ Stable	- -	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Stable	B3 RfD	B- Stable	- -	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Tunisia	- -	Caa1 Negative	CCC+ -	- -	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+ Positive	B2 Negative	B+ Stable	B+ Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	- -	- -	- -	B Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+ Stable	B1 Positive	BB- Negative	B+ Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+ Stable	A1 Stable	AA- Stable	A+ Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD -	C -	C -	- -	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB Stable	Ba3 Positive	BB Stable	BB Stable	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA Stable	Aa3 Positive	AA- Stable	AA- Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A- Positive	A1 Stable	A Positive	A+ Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	- -	- -	- -	- -	-	-	-	-	-	-	-	

COUNTRY RISK METRICS

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

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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	4.50	14-Dec-22	Raised 50bps	01-Feb-23
Eurozone	Refi Rate	2.50	15-Dec-22	Raised 50bps	02-Feb-23
UK	Bank Rate	3.50	15-Dec-22	Raised 75bps	02-Feb-23
Japan	O/N Call Rate	-0.10	20-Dec-22	No change	18-Jan-23
Australia	Cash Rate	3.10	06-Dec-22	Raised 35bps	07-Feb-23
New Zealand	Cash Rate	4.25	23-Nov-22	Raised 75bps	22-Feb-23
Switzerland	SNB Policy Rate	1.00	15-Dec-22	Raised 50bps	23-Mar-23
Canada	Overnight rate	4.25	07-Dec-22	Raised 50bps	25-Jan-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Dec-22	No change	20-Jan-23
Hong Kong	Base Rate	4.75	15-Dec-22	Raised 50bps	N/A
Taiwan	Discount Rate	1.75	15-Dec-22	Raised 0.125bps	23-Mar-23
South Korea	Base Rate	3.25	24-Nov-22	Raised 25bps	13-Jan-23
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	25-Jan-23
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	16.25	22-Dec-22	Raised 300bps	02-Feb-23
Jordan	CBJ Main Rate	6.50	19-Dec-22	Raised 125bps	N/A
Türkiye	Repo Rate	9.00	22-Dec-22	No change	19-Jan-23
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	30-Jan-23
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	10.50	15-Dec-22	Raised 50bps	09-Feb-23
Brazil	Selic Rate	13.75	07-Dec-22	No change	N/A
Armenia	Refi Rate	10.75	13-Dec-22	Raised 25bps	31-Jan-23
Romania	Policy Rate	6.75	08-Nov-22	Raised 50bps	10-Jan-23
Bulgaria	Base Interest	0.59	29-Dec-22	Raised 10bps	27-Jan-23
Kazakhstan	Repo Rate	16.75	05-Dec-22	Raised 75bps	13-Jan-23
Ukraine	Discount Rate	25.00	08-Dec-22	No change	26-Jan-23
Russia	Refi Rate	7.50	16-Dec-22	No change	10-Feb-23

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