700 ISSUES+
Issue 747 | January 26, 2023

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sustainable bonds issuance down 18% to $948bn in 2022

Figures released by Citi Research indicate that the global issuance of sustainable bonds reached $948bn in 2022, constituting a decrease of 18% from $1.2 trillion in 2021. The issuance of sustainable bonds worldwide totaled $60bn in 2015, $111bn in 2016, $197bn in 2017, $214bn in 2018, $373bn in 2019, and $611bn in 2020. The distribution of sustainable bonds issued shows that green bonds amounted to $572bn in 2022 and accounted for 60.3% of total output in 2022, while social projects, sustainability bonds and sustainability-linked bonds amounted to $376bn (39.7%). Further, non-financial corporates issued $259bn in sustainable bonds in 2022, which represented 27.3% of the aggregate issuance of sustainable bonds, followed by financial institutions with $250bn (26.3%), government agencies with $169bn (17.8%), supranational institutions with $120bn (12.6%), governments with $103bn (11%), asset-backed securities with $26bn (2.7%), and municipalities with $22bn (2.3%). In addition, developed markets issued $576bn in sustainable bonds in 2022 and accounted for 60.8% of aggregate output, followed by emerging markets with $252bn (26.6%), and Sub-Saharan Africa with $120bn (12.7%). The issuance of sustainable bonds from Sub-Saharan Africa declined by 30.2% last year, followed by the issuance of sustainable bonds from developed markets (-20.3%) and from emerging markets (-6.3%). In parallel, the global issuance of sustainable loans stood at $542bn in 2022, constituting a decrease of 8.8% from $594bn in 2021. The issuance of sustainable loans worldwide amounted to $29bn in 2015, $37bn in 2016, $51bn in 2017, $107bn in 2018, $238bn in 2019, and $214bn in 2020.

Source: Citi Research

SAUDI ARABIA

Venture capital funding up 72% to $987m in 2022

Figures released by online platform Magnitt show that venture capital (VC) funding in Saudi Arabia reached $987m in 2022, constituting a surge of 71.7% from $575m in 2021. VC investments in the Kingdom totaled $151m in 2020, $110m in 2019, and $59m in 2018. Further, the number of VC deals totaled 144 in 2022, compared to 149 investments in 2021, 92 deals in 2020, 72 transactions in 2019, and 56 transactions in 2018. In parallel, VC investments in fintech firms amounted to $239m and accounted for 24.2% of aggregate VC investments in Saudi Arabia in 2022, followed by investments in the food & beverage sector with $187m (19%), transport & logistics firms with $180m (18.2%), e-commerce companies with $119m (12%), and enterprise software firms with $60m (6%). Also, there were 28 investments in the fintech sector, or 19.4% of the aggregate number of deals in 2022, followed by 23 transactions in transport & logistics companies with (16%), 18 deals in e-commerce firms with (12.5%), 14 investments in enterprise software companies with (9.7%), and eight transactions in education technology firms (5.6%).

Source: Magnitt, Byblos Research

MENA

Venture debt funding down 2% to $260m in 2022

Figures released by online platform Magnitt shows that venture debt funding, which consists of loans to venture capital-backed companies, reached $260m in the Middle East & North Africa (MENA) region in 2022, constituting a decrease of 2.3% from $260m in 2021, and compared to $15m in 2020 and to $1m in 2018. There were 18 venture debt deals in 2022, representing a surge of 80% from 10 transactions in 2021, relative to four deals in 2020 and to one deal in 2018. In parallel, venture debt in fintech firms amounted to $332m and accounted for 61% of aggregate venture debt in the MENA region in the 2018-22 period, followed by venture debt in transport & logistics firms with $69m (13%), companies in the agriculture sector with $50m (9%), e-commerce companies with $32m (6%), media and entertainment firms with $25m (5%), and sustainability companies with $17m (3%). Also, there were 11 venture debt transactions in the fintech sector, or 33% of the total number of deals in the 2018-22 period, followed by 5 transactions in transport & logistics companies with (15%), three deals in e-commerce firms and enterprise software companies with (9% each), and two transactions in energy and health care companies (6% each). Venture debt in the UAE amounted to $269m and accounted for 50% of aggregate venture debt in the MENA region in the 2018-22 period, followed by venture debt in Saudi Arabia at $155m (29%), Egypt at $88m (16%), and Jordan at $29m (5%). Also, there were 16 venture debt transactions in the UAE, or 49% of the aggregate number of deals in the 2018-22 period, followed by nine transactions in Egypt with (27%), five deals in Jordan with (15%), and three transactions in Saudi Arabia (9%).

Source: Magnitt

GCC

IPOs up 211% to $23.4bn in 2022

Figures released by KAMCO indicate that the capital raised through initial public offerings (IPOs) in the economies of the Gulf Cooperation Council (GCC) totaled $23.4bn in 2022, constituting a surge of 211% from $7.5bn in 2021. It attributed the increase in proceeds mainly to the rebound in global economic activity, stimulus-led liquidity, and to the strong performance of local stock markets. Also, the figures show that there were 48 IPOs in the GCC countries in 2022 relative to 20 listings in 2021, seven deals in 2020 and 10 IPOs in 2019. Further, the capital raised through IPOs in GCC countries accounted for 13% of the aggregate funds raised through IPOs worldwide, while the number of IPO deals in the region represented 3.6% of the number of global IPOs in 2022. There were 36 listings in Saudi Arabia 2022, followed by 10 IPOs in the UAE, one deal in Oman, and one listing in Kuwait. The UAE raised nearly $14bn and accounted for 59.7% of total capital raised through IPOs in the GCC, while the rest of the GCC raised $9.43bn (40.3%) in 2022. Utilities firms raised about $7.7bn in capital through IPOs in 2022, followed by materials companies ($3.8bn), consumer services providers ($2.13bn), the industrial sector ($2.1bn), and food & staples retailers ($1.9bn). In parallel, there were 165 IPOs in GCC countries that raised $73.2bn during the 2013-2022 period.

Source: KAMCO

AFRICA

Tight global financial conditions raise external risks

Fitch Ratings projected the median real GDP growth rate of Sub-Saharan Africa (SSA) at about 4% in 2023, which is close to the annual average growth rate during the 2015-19 period. It considered that lower levels of trade integration with the rest of the world could make growth in the region more resilient to the global slowdown this year than in other regions. Also, it forecast the median public debt level of SSA countries to decline from a peak of 72% of GDP at the end of 2020 to less than 65% of GDP at end-2023, supported by the post-pandemic economic recovery in the 2021-22 period, higher commodity prices, as well as efforts to narrow budget deficits. It indicated that most governments in the region with elevated debt levels are planning fiscal consolidation, including how to address their high debt service burden. It also anticipated that higher global and domestic interest rates, in response to inflationary pressures, will exacerbate the challenge of the elevated debt servicing cost.

In parallel, it anticipated that limited access to international capital markets and constrained non-resident capital flows, and tighter global financial conditions, will continue to present ongoing risks to foreign currency liquidity in several SSA economies in 2023. It forecast that the aggregate external debt servicing burden of Fitch-rated sovereigns in the SSA region, excluding South Africa, will rise gradually in the 2023-25 period, and that the debt-servicing payments that are due in the next three years will remain significantly higher than the average level in the 2019-21 period. Still, it indicated that many SSA sovereigns rely heavily on official external financing that is largely on concessional terms, and that capital controls or restrictions on external investments reduce the risk of sudden large outflows from these economies. It added that several countries in the region used benign market conditions in 2021 to refinance their Eurobonds that mature in the coming years, while the external financing needs of some SSA commodity exporters have declined due to the elevated prices of their export commodities.

Source: Fitch Ratings

EGYPT

Progress on reforms is critical for medium- to long-term economic prospects

Goldman Sachs indicated that the Central Bank of Egypt's (CBE) commitment to the flexibility of the exchange rate is genuine, and that the CBE is not intervening currently in the market. However, it noted that the CBE's non-intervention is not necessarily translating into a fully functioning foreign currency market. It expected that the return to a fully functioning currency exchange market requires the clearing of the foreign currency backlog in the domestic market, followed by a gradual lifting of controls on the flows of hard currency. It pointed out that there are uncertainties about the timeframe that the authorities will need to clear the backlog, and noted that the length of this period will depend on the supply of foreign currency, the speed at which banks can administratively close pending orders, and the size of the backlog itself. It added that, once the backlog has been cleared, authorities will have to ease foreign currency controls for a unified market-clearing exchange rate to emerge.

In parallel, it considered that there are significant uncertainties about the market-clearing exchange rate, and stressed that public policies and investor confidence will be crucial in managing the supply and demand of foreign currency in the coming months in order to avoid excessive exchange rate volatility. As such, it anticipated that any slippage in the authorities' policy agenda will be detrimental to the stability of Egypt's foreign currency market. Further, it indicated that authorities resorted to foreign capital inflows in the past, such as official borrowing, debt issuance and portfolio inflows, in order to mitigate for external imbalances. But it anticipated that these sources of borrowing will be much more difficult to access going forward, due to significantly tighter global financial conditions, the country's lower debt-bearing capacity, as well as the more stringent conditionality in official bilateral and multilateral financing. Also, it pointed out that there are several risks to reform implementation, which include the entrenched footprint of the state and military in the economy, governance issues and vested interests, bureaucratic and regulatory frictions, as well as rising public discontent as a result of the higher cost of living and the declining purchasing power of the Egyptian population.

Source: Goldman Sachs

MOROCCO

Economy to face external and budgetary imbalances in 2023

BNP Paribas projected real GDP growth in Morocco to accelerate from 1.2% in 2022 to 3% in 2023, supported by a rebound in agricultural output this year. It added that the economy will continue to experience substantial external and budgetary imbalances despite the drop in global commodity prices, but noted that the country's macroeconomic stability is not under threat, and that foreign currency reserves are comfortable and the structure of the public debt is favorable. It indicated that the record low le¬vel of household confidence due to difficult labor market condi-tions, as well as significant inflationary pressures, will continue to limit growth prospects in the near term, and forecast the economy to grow by 3% in 2024. It considered that the outlook is subject to significant risks, including the sustained volatility of global commodity prices and the threat of a recession in Europe, which is Morocco's largest trade partner.

In parallel, it indicated that the Moroccan authorities are targeting a fiscal deficit of 4.5% of GDP in 2023 that they plan to gradually narrow to 3.5% of GDP by 2025. But it considered that these targets will be difficult to achieve in the short term, and projected the deficit at 5.1% of GDP in 2023. It forecast the public debt level to remain stable at about 70% of GDP in the 2022-23 period.

Further, it anticipated Morocco's import bill to remain elevated in 2023, despite the recent decline in commodity prices. Still, it expected the surge in remittance inflows, higher tourism receipts, and the sustained development of the automotive sector to support the country's external position, despite the anticipated lower export receipts from phosphates and derivatives. As a result, it projected the current account deficit to narrow from 4.4% of GDP in 2022 to 3.9% of GDP in 2023 and to 3.4% of GDP in 2024. Also, it forecast foreign currency reserves at $31.2bn at the end of 2023, which is more than twice the amount of the country's short-term external debt.

Source: BNP Paribas

UAE

Sovereign rating affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the short- and long-term foreign and local currency ratings of the United Arab Emirates at 'A1+' and 'AA-', respectively. It also maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings reflect the strength of the UAE's consolidated fiscal and external positions. It noted that the ratings are supported by a stable political environment, the government’s continuous efforts to diversify the economy and to improve the consolidated budget structure, and an elevated GDP per capita. It added that the ratings reflect the agency’s expectations that the Emirate of Abu Dhabi will support federal institutions in case of need. However, it said that the ratings are constrained by the high dependence of the economy on hydrocarbons, budget rigidities, as well as by geopolitical uncertainties. Also, it stated that the 'stable' outlook balances the country's solid external position against elevated financing risks of the government-related entities (GREs) of the Emirate of Dubai and elevated geopolitical risk factors. In parallel, the agency considered that it may upgrade the ratings if the authorities continue to implement structural reforms that would reduce the economy's reliance on oil exports and improve the intuitional framework, and if geopolitical tensions recede. However, it pointed out that it may downgrade the ratings in case global oil prices decline, public and external finances deteriorate, or if the financing risks of Dubai's GREs increase.

Source: Capital Intelligence Ratings

OMAN

Economic recovery to continue in 2023

Standard Chartered Bank projected Oman's real GDP growth to decelerate from 5.5% in 2022 to 3.5% in 2023, due to lower hydrocarbon receipts as oil production cuts under the OPEC+ agreement continue in the first half of the year. Further, it indicated that the government's fiscal balance shifted from a deficit of 3.6% of GDP in 2021 to a surplus of 2.4% of GDP in 2022, its first annual fiscal surplus since 2013, driven by higher hydrocarbon prices and production, despite elevated public spending. It pointed out that the authorities have stepped up efforts to raise non-hydrocarbon revenues in recent years, which has contributed to the reduction of the share of hydrocarbon receipts from 84% of total government receipts in 2015 to 77% of such receipts in 2022. It considered that the introduction of a personal income tax in the coming years and other revenue-raising measures should continue to be key priorities to control public revenues and limit fiscal slippage. Also, it expected spending to decline by $4.7bn in 2023, which would indicate a strong commitment to fiscal consolidation amid high oil prices. As such, it forecast the fiscal balance to post a surplus of 5% of GDP in 2023. In parallel, it indicated that the public debt level declined from 70% at the end of 2020 to 43% at the end of 2022, according to the Ministry of Finance, given the significant expansion in nominal GDP due to higher oil prices. It added that the government's efforts to improve the public debt's metrics have led to a decline in the stock of the public debt from $54bn in 2021 to $46bn in 2022. As such, it projected the public debt level to decline further to 38.5% of GDP by end-2023, which would reduce debt-servicing costs from $3.4bn in 2022 to $3bn in 2023.

Source: Standard Chartered Bank

IRAQ

Economy to post twin surpluses despite slower oil-sector momentum

Standard Chartered Bank projected real GDP growth in Iraq to moderate from 7.6% in 2022 to 2.4% in 2023, due to unfavorable base effects and to lower oil production. Still, it expected the oil sector to support economic activity despite Iraq's new lower production quota under the OPEC+ agreement. Also, it anticipated that inflationary pressures and detrimental weather conditions, which will negatively impact Iraq's agriculture sector, to continue to constrain non-oil economic activity in the near term. In addition, it forecast the average inflation rate to decelerate from 5.2% in 2022 to 2.5% in 2023, mainly due to favorable base effects. In parallel, it projected the fiscal surplus to regress from 10% of GDP in 2022 to 9% of GDP this year, due to lower oil revenues, and anticipated authorities to adopt a more expansionary fiscal stance if the forthcoming government passes a looser budget for 2023. Still, it expected the public debt level to decline from 84% of GDP at the end of 2020 to about 30% at end-2024, given the government's excess fiscal reserves. Further, it forecast the current account surplus to decrease from 8% of GDP last year to 6% of GDP in 2023, due to lower oil export receipts. It also expected that the still elevated global oil prices and local production will support foreign currency reserves, despite the oil production cuts under the OPEC+ agreement. It noted that foreign currency reserves reached an eight-year high of about $83bn at the end of September 2022, which will support the repayment of $3.7bn in Eurobonds this year and will limit the risk of a devaluation of the Iraqi dinar. Finally, it anticipated that political risks, such as early elections in 2023 and another flare-up of unrest.

Source: Standard Chartered Bank

GHANA

Public debt restructuring to reduce debt level to 55% of GDP

The Institute of International Finance indicated that most of Ghana's external debt is already in default and that the Ghanaian authorities are attempting to restructure the country's domestic and external debt. It noted that authorities aim to reduce the public debt level to 55% of GDP in present value terms, as well as to cap external debt servicing at 18% of public revenues by 2028. It pointed out that the domestic debt level stood at 35% of GDP in standard terms at the end of 2022, and estimated that the present value of the domestic debt without a local bond exchange is roughly the same at a 20% discount rate. Also, it forecast that the present value of the domestic debt would fall by 10% of GDP in case the local exchange succeeds, as it expected that coupons rates will drop significantly below market rates. It noted that high-coupon bonds account for nearly 50% of the external debt, which it anticipated would penalize Ghana heavily at the standard 5% discount rate that the International Monetary Fund uses for its debt sustainability analysis in low-income countries. Further, it forecast the total public debt level at 75% of GDP in case the local bond exchange takes place with a 94% participation rate, which is 20 ppts of GDP above Ghana's target by end-2028. It considered that that the implications for bond recovery value scenarios depend on assumptions about growth, exchange rates, fiscal adjustment, and new financing channels.

Source: Institute of International Finance

BANKING

SAUDI ARABIA

Outlook on ratings of six banks revised to 'positive'

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Al Rajhi Banking and Investment Corporation (ARB) and Saudi National Bank (SNB) at 'A+'. Also, it maintained the ratings of the Saudi British Bank (SABB) and Arab National Bank (ANB) at 'A', and the long-term foreign currency ratings of the Saudi Investment Bank (SAIB) and Bank Al Jazira (BAJ) at 'A-'. In addition, it affirmed the Bank Standalone Ratings (BSRs) of ARB and SNB at 'a-', the BSRs of SABB and ANB at 'bbb+', and the ratings of SAIB and BAJ at 'bbb', with a 'stable' outlook on the BSRs. Also, it revised the outlook on the six banks' ratings from 'stable' to 'positive'. It attributed the outlook revision to its similar action on the sovereign ratings. It added that the 'positive' outlook reflects the very high probability that the government will provide support to Saudi banks, in case of need. Further, it indicated that the ratings of the six banks are underpinned by the banks' generally solid financial metrics, including their sound asset quality, comfortable liquidity position, stable customer deposit-based funding, and robust capitalization. It noted that the ratings of ARB, ANB, BAJ, and SNB take into account their good profitability metrics, while the ratings of BAJ and SABB reflect their sound operating profitability. Also, it pointed out that the ratings of ANB, BAJ, SABB, SAIB, and SNB are supported by their good credit loss-absorption capacity.

Source: Capital Intelligence Ratings

NIGERIA

Banks to face foreign currency shortages in 2023

Fitch Ratings considered that operating conditions for Nigerian banks will be challenging in 2023, due to elevated inflation rates, rising interest rates, and shortages of foreign currency. It anticipated that the banks' exposure to small companies in the manufacturing and agriculture sectors will be a source of new non-performing loans (NPLs), but expected that sustained high global oil prices will provide some support to asset quality despite chronic oil production issues in the country. It forecast the banking sector's aggregate NPLs ratio to increase from about 4.8% at the end of 2022 to nearly 5.2% at end-2023. It added that sovereign credit risk will continue to impact asset quality at Nigerian banks, given their high sovereign exposure through securities and cash reserves at the Central Bank of Nigeria (CBN). In addition, the agency anticipated that banks will be resilient to a potential devaluation of the Nigerian naira due to their net long foreign-currency positions, modest risk-weighted assets in foreign currency, and tighter lending standards for foreign currency loans. But it considered that a devaluation of the naira would weigh on the banks' capital ratios amid strong lending growth. Further, Fitch anticipated that Nigerian banks will face difficulties in sourcing foreign currency from the CBN on behalf of customers in order to cover trade finance obligations. As such, it expected that banks will leverage their relationships with correspondent banks and use their own foreign currency resources to manage foreign currency shortages, which would cause the foreign currency liquidity coverage of their liabilities to decline in 2023. However, it considered that the banks' foreign currency buffers will remain satisfactory this year, given that there are no Eurobond maturities in 2023.

Source: Fitch Ratings

EGYPT

Banks to withstand impact of currency devaluation in the long term

The International Monetary Fund indicated that Egypt's banking sector has been resilient due in part to the relatively short lockdown period and policies to support workers' incomes and businesses during the COVID-19 pandemic. It said that the sector's Tier One Capital ratio was at adequate level and stood at 17.1% at the end of June 2022. It added that liquidity buffers at the banks are elevated, as reflected by the increase in the average liquidity ratio in foreign currency from 67.9% at end-2021 to 78.4% at end-June 2022, and despite the slight decrease in the average liquidity ratio in local currency from 45.4% at end-2021 to 44.3% at end-June 2022. Further, it said that the non-performing loans (NPLs) ratio regressed from 3.4% at end-2021 to 3.2% at end-June 2022 and noted that the loan-loss provisions of the banks covered 92.1% of NPLs at end-June 2022, down from 92.3% at end-2021 and 95.2% at end-2020. In parallel, it considered that the banking sector would be able to withstand the depreciation of the of the Egyptian pound in the long run, due to the large existing capital buffers, as well as to limited borrowing in foreign currency by corporates and households and relatively low foreign currency liabilities. It indicated that the permanent shift to a flexible exchange rate regime, along with macroeconomic stability and the positive impact of structural reforms, would help replenish foreign currency reserves and boost investments and exports.

Source: International Monetary Fund

JORDAN

Banks' funding to remain adequate in 2023

Fitch Ratings expected that the improving operating environment in Jordan will support Jordanian banks in 2023. But it anticipated a still challenging operating climate this year, due to structurally weak economic growth, monetary tightening, the high unemployment rate and elevated geopolitical risks, despite the recovery in several sectors and strong domestic demand. Further, it forecast the lending of Jordanian banks to increase by 5% in 2023, unchanged from the previous year. It expected the banking sector's Stages 2 and Stage 3 loans ratios to be under pressure in 2023, driven by the slow economic recovery and higher interest rates that will put pressure on the repayment capabilities of borrowers and add risks to the banks' asset quality. As such, it projected the non-performing loans ratio at banks to increase from 5% in 2022 to 5.5% in 2023. But it considered that good risk management, as well as adequate reserve coverage and collateral will mitigate risks on asset quality. It added that the banks' high exposure to government-related entities and utility companies will expose banks to event risks. It added that Jordanian banks will continue to generate sufficient pre-impairment operating profits to absorb any increases in loan impairment charges, without affecting their capital. Further, it noted that elevated interest rates and high business volumes will support the banks' profitability metrics in 2023, despite the domestic competition between banks that will continue to impact their net interest margins, and in spite of spending on digital transformation that will exert pressure on their operating efficiency. Also, it expected the funding and liquidity buffers of banks to remain sound in 2023, and forecast the capital ratios of banks to be stable at 18% this year.

Source: Fitch Ratings

Oil prices to average $90 p/b in first quarter of 2023

ICE Brent crude oil front-month prices have been trading at between $77.8 per barrel (p/b) and $88.2 p/b since the start of 2023. Concerns about a global economic slowdown drove the decrease in oil prices, while a smaller-than-expected increase in U.S. crude oil inventories supported oil prices. In parallel, Goldman Sachs projected global oil demand to reach 101.6 million barrels per day (b/d) in 2023, which would constitute an increase of 0.3 million b/d from 101.3 million b/d in 2022, driven by higher demand for oil from China amid the relaxation of COVID-19 lockdown measures and an increase in demand for jet fuel. Also, it expected demand for oil from emerging markets excluding China to rise by 970,000 b/d in 2023. However, it anticipated oil demand from developed economies to be 1.6 million b/d below 2019 level, due mainly to expectations that the Euro Area will enter into a mild recession, as well as to a decrease in oil demand from Japan and Korea as a result of the reduction of energy consumption. In addition, it forecast global oil supply to increase by 0.8 million b/d this year, as it anticipated the OPEC+ coalition to unwind production cuts in the second half of 2023 in order to meet the anticipated rising demand as a result of China's economic reopening. Also, it did not expect Iran and world powers to revive the Joint Comprehensive Plan of Action in the foreseeable future. Further, it forecast oil prices to average $90 p/b in the first quarter and $95 p/b in the second quarter of 2023.

Source: Goldman Sachs, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts up 12% in November 2022

Total oil exports from Saudi Arabia amounted to 8.46 million barrels per day (b/d) in November 2022, constituting decreases of 9.6% from 9.4 million b/d in October 2022 and of 0.5% from 8.5 million b/d in November 2021. Further, oil export receipts reached $24bn in November 2022, down by 6% from $25.5bn in October 2022 and up by 11.8% from $21.5bn in November 2021.

Source: JODI, General Authority for Statistics, Byblos Research

ME&A's oil demand to expand by 4% in 2023

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 13.12 million barrels per day (b/d) in 2023, which would constitute an increase of 4% from 12.6 million b/d in 2022. The region's demand for oil would represent 23.7% of demand in non-OECD countries and 13% of global consumption in 2023.

Source: OPEC

Angola's oil export receipts up 111% to $1.95bn in December 2022

Oil exports from Angola reached 31.9 million barrels in December 2022, constituting a decrease of 1.7 million barrels (-5%) from 31.14 million barrels in November 2022 and an increase of 0.81 million barrels (+2.6%) from 31.14 million barrels in the same month in 2021. The country's oil export receipts totaled KZ993.4bn, or $1.95bn, in December 2022 and jumped by 111% from KZ471bn, or $942.5m in November 2022. They surged by 68% from KZ591bn ($1bn) in December 2021.

Source: Ministry of Finance of Angola

Base Metals: Nickel prices to average $25,000 per ton in first quarter of 2023

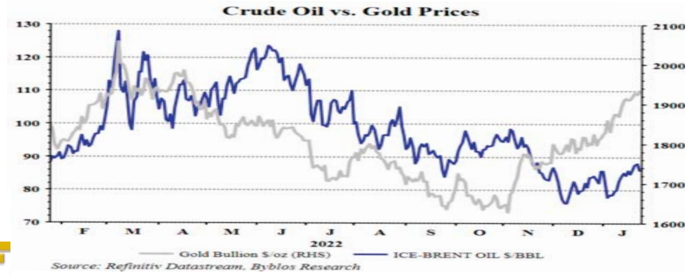
The LME cash prices of nickel averaged $26,239 per ton in 2022, constituting a surge of 42% from an average of $18,459.4 a ton in 2021. Prices averaged $28,348.4 per ton in the first quarter of 2022, then increased to $29,017.6 a ton in the second quarter, and reached $25,581 per ton in the fourth quarter of 2022, driven by concerns about tight global supply conditions and low inventory stockpiles. In contrast, prices declined to $22,105.3 per ton in the third quarter of 2022, due to the imposition of COVID-19-related lockdowns in China, which weighed on demand for the metal, as well as to widespread expectations of a downturn in global economic growth. In parallel, Citi Research projected the total supply of refined nickel at 3.4 million tons in 2023, which would constitute an increase of 6% from 3.2 million tons in 2022, relative to 2.8 million tons in 2021. Also, it forecast the global demand for refined nickel at 3.3 million tons in 2023, which would represent a rise of 8% from 3.1 million tons in 2022, compared to 2.9 million tons in 2021. It projected the nickel market to post a surplus of 114,000 tons in 2023. In addition, it expected demand from the electric vehicles sector to increase in 2023, despite weaker global demand for the metal excluding China. In addition, it forecast nickel prices to average $25,000 per ton in the first quarter, $24,000 a ton in the second quarter, $23,000 per ton in the third quarter, and $22,000 a ton in the fourth quarter of 2023.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,775 per ounce in first quarter of 2023

Gold prices averaged $1,802.3 per troy ounce in 2022, nearly unchanged from an average of $1,799.4 an ounce in 2021. Prices averaged $1,877 an ounce in the first quarter of 2022, and then decreased to $1,873.8 per ounce in the second quarter and to $1,728.6 an ounce in the third quarter, due mainly to the tightening of monetary policy by several central banks around the world, while prices were nearly unchanged in the fourth quarter of 2022. In parallel, Citi Research projected global demand for gold to expand by 10% from 4,140 tons in 2022 to 4,551 tons in 2023. It attributed the expected rise in demand for gold to a shift in investments in gold-backed exchange-traded funds from outflows to inflows, a 10.2% rise in jewellery consumption, and a 7.4% increase in the demand of gold bars and coins in 2023. However, it anticipated a decrease of 27% in net purchases by central banks in 2023. Further, it projected global gold supply to reach 4,820 tons in 2023, nearly unchanged from 4,805 tons in 2022, with mine output representing 77.8% of the total. Moreover, it forecast gold prices to average $1,775 per ounce in the first quarter of 2023, $1,800 an ounce in the second quarter, $1,850 per ounce in the third quarter, and $1,900 an ounce in the fourth quarter of 2023.

Source: 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 (%)
	LT Foreign currency rating											
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+ Positive	-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	18-Jan-23	No change	10-Mar-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	4.50	25-Jan-23	Raised 25bps	07-Feb-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Jan-23	No change	20-Feb-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	3.50	13-Jan-23	Raised 25bps	23-Feb-23
Malaysia	O/N Policy Rate	2.75	19-Jan-23	No change	09-Mar-23
Thailand	1D Repo	1.50	25-Jan-23	Raised 25bps	29-Mar-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	19-Jan-23	No change	23-Feb-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	17.50	24-Jan-22	Raised 100bps	21-Mar-23
Ghana	Prime Rate	27.00	28-Nov-22	Raised 250bps	30-Jan-23
Angola	Base Rate	18.00	20-Jan-23	Cut 150bps	17-Mar-23
Mexico	Target Rate	10.50	15-Dec-22	Raised 50bps	09-Feb-23
Brazil	Selic Rate	13.75	07-Dec-22	No change	01-Feb-23
Armenia	Refi Rate	10.75	13-Dec-22	Raised 25bps	31-Jan-23
Romania	Policy Rate	7.00	10-Jan-23	Raised 25bps	09-Feb-23
Bulgaria	Base Interest	0.59	29-Dec-22	Raised 10bps	27-Jan-23
Kazakhstan	Repo Rate	16.75	13-Jan-23	No change	24-Feb-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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON
Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ
Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA
Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM
Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM
Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE
Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

NIGERIA
Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE
Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293