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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Bond issuance down 20% to $7.3 trillion in 2022

S&P Global Ratings indicated that the global issuance of corporate bonds, U.S. public finance bonds, other international public finance bonds and structured finance products totaled $7.3 trillion (tn) in 2022, constituting a decline of 20% from $9.1tn in 2021. It attributed the decrease in bond issuance to a drop of 34.6% in the issuance of non-financial corporate bonds, a decrease of 20% in U.S. international public finance bonds, a decline of 14.8% in financial corporate bonds, a contraction of 11.4% in the issuance of non-U.S. international public finance bonds, and a reduction of 7.2% in new structured finance products. It noted that financial institutions issued $2.7tn or 36.6% of bond issuance in 2022. Non-financial institutions followed with $1.97tn in new bonds (27%), investor-placed structured finance bonds with $1.2tn (16.6%), international public finance bonds with $1.06tn (14.6%), and U.S. public finance bonds with $382bn (5.2%). Further, it forecast global bond issuance at about $7.5tn in 2023, which would constitute an increase of about 2.5% from the previous year. It forecast financial institutions to issue $2.75tn or 36.8% of bond issuance in 2023, followed by non-financial institutions with $2.1tn in new bonds (28.6%), investor-placed structured finance bonds with $1.1tn (15%), international public finance bonds with $1.06tn (14.2%), and U.S. public finance bonds with $401.1bn (5.4%).

Source: S&P Global Ratings

AFRICA

External debt up 5% to $790bn at end-2021

Figures released by the World Bank show that the total external debt outstanding in the Sub-Saharan Africa (SSA) region reached $790bn at the end of 2021, constituting an increase of 5% from $752bn at end-2020, and accounted for 8.5% of the external debt in low- and middle-income countries. The bank defines external debt as the sum of public and private long-term external debt, short-term debt, and credit from the International Monetary Fund. It represents the total debt owed to non-resident creditors that is repayable in both foreign and domestic currencies. It indicated that the SSA region's external debt grew at a compound annual growth rate (CAGR) of 1% during the 2017-21 period and of 7.8% between 2010 and 2021, compared to CAGRs of 4.7% in the 2017-21 period and of 6.7% in the 2010-21 period for external debt in low- and middle-income countries. It added that the stock of long-term external debt in SSA economies reached $636bn at end-2021 and accounted for 80.5% of the region's total external debt outstanding. Public and publicly-guaranteed debt represented 74% of long-term external debt in the region, while private non-guaranteed debt accounted for the remaining 26%. In addition, it noted that the short-term external debt of SSA countries stood at $85bn at end-2021 and accounted for 10.8% of the region's external debt, while the use of IMF credit amounted to $69bn at end-2021 and represented 8.7% of the total. Further, SSA's external debt stock was equivalent to 179% of its total exports at end-2021 relative to 212% of aggregate exports at end-2020. Also, the region's aggregate official foreign currency reserves were equivalent to 15% of its external debt stock at the end of 2021, down from 19% a year earlier.

Source: World Bank

MENA

Corruption perception varies across region

Global anti-corruption advocacy organization Transparency International, ranked the UAE in 27th place among 180 countries worldwide and in first place among 19 Arab countries on its Corruption Perception Index for 2022. Qatar followed in 40th place, then Saudi Arabia (54th), Jordan (61st), and Oman (69th), as the five countries perceived to have the lowest level of graft in the Arab region. In parallel, Iraq (157th), Sudan (162nd), Libya (171st), Yemen (176th) and Syria (178th) were perceived as the most corrupt Arab countries. The organization uses data sources from independent institutions specializing in governance and business climate analysis. The rankings are based on scores that range from zero to 100, with lower scores reflecting economies with a higher perception of corruption. The Arab countries' average score stood at 35.2 points in the 2022 index, down from 36.4 points in the 2021 survey, and came higher than the average score of Eastern Europe & Central Asia (35 points) and Sub-Saharan Africa (32 points); but it was lower than the average scores of the European Union & Western Europe (66 points), Asia Pacific (45 points), and the Americas (43 points). Further, the rankings of six Arab countries improved, those of 11 economies deteriorated and the rankings of two Arab states were unchanged from the previous year; while the scores of three Arab countries increased, those of nine economies regressed, and the scores of seven countries remained the same from the 2021 index.

Source: Transparency International, Byblos Research

IRAQ

Profits of listed firms up 11% to $368.6m in first nine months of 2022

The cumulative unaudited pre-tax profits of 87 out of 132 companies listed on the Iraq Stock Exchange totaled IQD546.2bn in the first nine months of 2022, constituting an increase of 11% from IQD492bn in the same period of 2021. In US dollar terms, the profits of the listed companies reached $368.6m in the first nine months of 2022 and grew by 10.8% from $332.5m in the same period of 2021. The dollar figures reflect the prevailing market exchange rate that depreciated from an average of IQD1,479.2 per US dollar in the first nine months of 2021 to an average of IQD1,481.8 per dollar in the same period of 2022. Listed telecommunications companies generated $178.2m in profits in the first nine months of 2022 and accounted for 48.3% of the total, followed by banks with $148.7m (40.4%), industrial firms with $28m (7.6%), service providers with $6m (1.6%), companies in the hotels & tourism sector with $6m (1.3%), insurers with $1.7m (0.5%), and agricultural firms with $1.2m (0.3%); while investment companies posted losses of $0.07m in the covered period. Further, the net income of service providers surged by 337% annually in the first nine months of 2022, followed by the profits of agricultural firms (+241.4%), the earnings of listed banks (+103.2%), the net income of insurers (+41.3%), and the profits of companies in the hotels & tourism sector (+41%), In contrast, the earnings of telecommunication firms dropped by 19.4%, followed by the profits of industrial companies (-12.6%).

Source: Iraq Stock Exchange, Byblos Research

OUTLOOK

EMERGING MARKETS

Economic growth to average 4% in 2023-24 driven by activity in East & South Asia

The United Nations Conference on Trade & Development (UNCTAD) projected real GDP growth in developing economies at 3.9% in 2023 and 4.1% in 2024, compared to global growth rates of 1.9% and 2.7% for 2023 and 2024, respectively. It anticipated economic activity in many developing economies to remain subdued compared to a quicker recovery in developed countries, given that developing economies will continue to face sustained fiscal challenges and tight constraints on public spending in the near term.

In addition, it projected real GDP growth in East & South Asia to accelerate from 3.6% in 2022 to 4.4% in 2023, supported mainly by the modest recovery of economic activity in China and despite high food and energy prices, monetary tightening and fiscal vulnerabilities. Also, it forecast Africa's real GDP growth rate to decelerate from 4.1% last year to 3.8% this year, as a result of weaker demand from key trading partners, a sharp increase in energy and food prices, rising borrowing costs, and adverse weather conditions. It also anticipated economic activity in Western Asia to expand by 3.5% in 2023 compared to 6.4% in 2022, as it projected economic activity in the region's net fuel exporters to decelerate from 7.5% in 2022 to 3.6% this year, and for real GDP growth in net fuel importers to slow down from 5.3% last year to 3.5% in 2023.

In parallel, it considered that the depreciation of exchange rates, high borrowing costs and rising debt burdens will limit the fiscal space of developing economies in the near term. It anticipated that tightening global financial conditions will make it more difficult for many developing countries to roll over and restructure their existing debt, which would raise the risk of debt defaults.
Source: UNCTAD

IRAQ

Non-oil real GDP to grow by 4% in 2023-24 period, medium-term outlook contingent on reforms

The International Monetary Fund (IMF) considered that Iraq's near-term outlook is positive, due mostly to the large oil windfall. It projected real GDP growth rate in Iraq at 4.2% in 2023 and 3.1% in 2024, as it expected real non-oil GDP to average 4.1% annually in the 2023-24 period. However, it anticipated that the non-oil real GDP growth rate will moderate to 3.5% in the medium term and that it will remain constrained by electricity shortages, water scarcity, limited access to credit, security concerns, labor market challenges, and the country's difficult business environment. It expected the authorities' sluggish progress on structural reforms and lower global oil prices to weigh on the country's medium-term prospects.

In parallel, it projected the fiscal surplus at 6.1% of GDP in 2023 and 2.3% of GDP in 2024, and anticipated the surplus to shift to a deficit in 2025, as it expected current expenditures, which are driven by the wage bill, to surpass the equivalent of 33% of GDP. Also, it forecast the non-oil primary fiscal deficit to exceed 63% of non-oil GDP in the absence of significant reforms, and expected the economy to remain heavily dependent on the oil sector. It also anticipated that the declining trend in the public debt level would reverse in the coming two years, but for the overall debt burden to remain manageable in the medium term. Further, it projected the current account surplus to decline from 8.1% of GDP in 2023 to 4.1% of GDP in 2024 in case of lower oil prices, and expected the surplus to shift to a deficit in 2026. It also forecast foreign currency reserves to peak at about $114bn by the end of 2025 and to decline to $95bn by end-2027.

In parallel, the IMF indicated that the outlook is subject to significant downside risks, including weaker global demand for oil that would put downward pressure on oil export receipts. Also, it anticipated that the government's ongoing subsidies and the persistent demand for jobs in the public sector could further aggravate underlying fiscal vulnerabilities, while the materialization of contingent liabilities could weigh on debt sustainability.
Source: International Monetary Fund

ARMENIA

Economic growth to average 4.5% yearly in medium term

The International Monetary Fund (IMF) considered that Armenia's growth prospects are favorable, but that they are highly susceptible to spillovers from regional and global developments. It projected real GDP growth to decelerate from 11% in 2022 to 4.5% in 2023, due to the anticipated slowdown in global growth, weaker demand from trading partners, as well as an expected decline in capital inflows. It forecast growth to stabilize at 4.5% annually in the medium term, but considered that such prospects are subject to high uncertainties about the long-term impact of Russia's war on Ukraine and the potential for the recent influx of international visitors, businesses, and capital to settle permanently in Armenia. It also expected that the authorities' stronger-than-anticipated implementation of reforms will have a positive impact on the country's growth potential. In addition, it forecast the average inflation rate to decline gradually from a peak of 10% at the end of 2022 to 6% at end-2023, due to the lagged effect of the ongoing tightening of monetary policy in Armenia, the appreciation of the Armenian dram and the dissipating impact of imported food and energy inflation.

In parallel, it projected the fiscal deficit to narrow from 3% of GDP in 2023 to about 2% of GDP annually in the medium term, in case authorities step up efforts to implement fiscal reforms that would help mobilize public revenues and improve public expenditure efficiency. As a result, it forecast the public debt level to decline from 50% of GDP at the end of 2023 to about 48% of GDP annually in the next three years. Further, it projected the current account deficit to stabilize at 5.5% of GDP in 2023 and expected the deficit to converge gradually to 5% of GDP in the medium term. Still, it forecast foreign currency reserves to regress from $3.5bn at the end of 2023 to $3.4bn by end-2025.

The IMF considered that downside risks to the outlook include tighter global financial conditions, as well as rising global food and energy prices and logistical bottlenecks for Armenia's trade through Georgia. It added that an economic slowdown in major trading partners, including Europe, Russia and the U.S., could adversely affect remittance inflows, trade, and financial flows, as well as weigh on the dram and raise public debt vulnerabilities.
Source: International Monetary Fund

ECONOMY & TRADE

QATAR

Sovereign ratings upgraded on improving fiscal and external buffers

Capital Intelligence Ratings upgraded Qatar's long-term foreign and local currency sovereign ratings from 'AA-' to 'AA'. It also affirmed the short-term foreign and local currency sovereign ratings at 'A1+' and maintained the 'stable' outlook on the long-term ratings. It attributed the upgrade of the ratings to the improvement in the government's already-strong capacity to meet its financial obligations, supported by the favorable performance of the budget, improving fiscal flexibility, and declining government debt. It said that the ratings reflect the substantial assets of the Qatar Investment Authority, as well as the economy's capacity to absorb financial shocks. Also, it noted that the ratings are supported by the country's significant and low-cost hydrocarbon reserves, elevated liquefied natural gas production and export capacity, high GDP per capita, strong international liquidity position, and low gross external debt. However, it noted that the ratings are constrained by the economy's high reliance on hydrocarbons, low fiscal transparency, limited monetary policy flexibility, and considerable geopolitical risks. In parallel, it noted that it could revise the outlook to 'positive' if the government implements further fiscal and structural reforms that would reduce its reliance on the hydrocarbon sector and improve fiscal transparency. In contrast, it said that it could revise the outlook to 'negative' or downgrade the ratings if contingent liabilities materialize and/or if geopolitical tensions escalate.

Source: Capital Intelligence Ratings

NIGERIA

Outlook on ratings revised to 'negative' on deteriorating fiscal and external metrics

S&P Global Ratings affirmed Nigeria's long- and short-term foreign and local currency sovereign credit ratings at 'B-/B', and revised the outlook on the long-term ratings from 'stable' to 'negative'. It also affirmed the country's transfer and convertibility assessment at 'B-'. It attributed the outlook revision to Nigeria's weak debt servicing capacity, due to its wide fiscal deficits and to elevated external pressures. It pointed out that high debt servicing costs, the subsidies of petroleum products, wide fiscal deficits, and lower oil production volumes are exacerbating Nigeria's fiscal and external imbalances. Also, it noted that limited and costly access to international capital markets, and the substantial reliance on domestic funding at elevated interest rates, are weighing on the government's fiscal position. It projected the fiscal deficit to average 5.5% of GDP annually in the 2023-26 period, as it expected authorities to step up efforts to implement fiscal consolidation measures following the presidential election in February 2023. Also, it forecast the country's gross external financing needs at 104.6% of current account receipts and usable reserves in 2023, as well as at 107.6% of such receipts and reserves in 2024, and 114.2% in 2025. In addition, it said that it could downgrade the ratings if Nigeria's capacity to repay its commercial obligations continues to weaken as a result of elevated liquidity risks or lower fiscal flexibility. In contrast, it noted that it could revise the outlook to 'stable' if economic performance improves and/or if external and domestic financing pressures are contained, and in case the fiscal deficits narrow faster than projected.

Source: S&P Global Ratings

EGYPT

Sovereign ratings downgraded on reduced external buffers

Moody's Investors Service downgraded Egypt's long-term local and foreign currency issuer ratings from 'B2' to 'B3', six notches below investment grade, and revised the outlook on the ratings from 'negative' to 'stable'. It attributed the downgrade to the country's reduced external buffers and shock absorption capacity, and to its expectation that Egypt's liquidity and external positions will not rebound quickly. It noted that the economy is undergoing a structural change towards a more export- and private sector-led growth model under a flexible exchange rate regime. It pointed out that the government's announced strategy of privatizing state-owned assets, as part of the new program with the International Monetary Fund (IMF), aims to support this structural adjustment and help generate sustained non-debt creating capital inflows to meet external debt servicing needs in the next two years. But it considered that these measures will take time to substantially reduce the sovereign's external vulnerability risks. In parallel, the agency noted that the 'stable' outlook balances tight international capital market conditions, higher domestic borrowing costs and social spending pressures, against the announced reforms that would improve the economy's external debt carrying capacity and reduce external vulnerability risks. Further, Moody's indicated that it could downgrade the ratings if the authorities reverse their commitment to the announced reforms, in case of a limited effectiveness of the reforms under the IMF-supported program that would lead to reduced donor support, and/or if the public debt level or the interest payments-to-public revenues ratio deteriorate as a result of the materialization of social or political risks.

Source: Moody's Investors Service

DEM REP CONGO

Outlook contingent on structural reforms

S&P Global Ratings indicated that the Democratic Republic of the Congo's (DRC) short- and long-term local and foreign currency sovereign credit ratings of 'B' and 'B-', respectively, are underpinned by the country's favorable growth prospects, and expected that the ongoing expansion of the mining sector's output and economic diversification would continue to support economic activity through 2026. It considered that risks to the outlook include a slowdown of China's real GDP growth, the DRC's largest trading partner, and broader global economic slowdown given uncertainties about Russia's war on Ukraine, as well as higher inflation and interest rates worldwide. Also, it expected that the country's strong mining performance and the authorities' reform implementation, which is supported by a funded program from the International Monetary Fund, will result in the narrowing of the fiscal and current account deficits, and support the accumulation of foreign currency reserves in the next few years. It forecast the country's gross external financing needs at 103% of current account receipts and usable reserves in 2023, as well as at 100.2% of such receipts and reserves in 2024, and 99% in 2025. In parallel, the agency indicated that it could upgrade the ratings if the government implements structural reforms, which would result in a stronger-than-expected economic and external performance, and/or in case of receding political stability and security risks.

Source: S&P Global Ratings

BANKING

ALGERIA

Banking sector has adequate level of liquidity

The International Monetary Fund considered that the banking sector in Algeria has an adequate level of liquidity, given that the expiry of regulatory measures related to the COVID-19 pandemic at the end of 2021 did not generate any liquidity pressures on the sector. It said that the liquid assets of state-owned banks accounted for 35.7% of the sector's total assets at end-2021, up from 10.3% at end-2020, while the private banks' liquid assets covered 36.3% of the sector's assets at end-2021 relative to 30.3% at end-2020, the latest available figures. It noted that the capital adequacy ratio (CAR) of state-owned banks increased from 19% at end-2020 to 22.3% at end-2021, while the CAR of private banks slightly decreased from 20.3% at end-2020 to 20% at end-2021. Further, it said that the non-performing loans ratio at state-owned banks increased from 17.2% at end-2020 to 20.7% at end-2021, while the same ratio at private banks regressed from 9.7% at end-2020 to 9.6% at end-2021. It pointed out that provisions at state-owned banks were equivalent to 46.2% of classified loans at end-2021 compared to 67.4% at private banks. It considered that the overreliance on state-owned banks to finance the public sector could weigh on their liquidity and profitability and crowd out credit to the private sector. In parallel, it pointed out that the continued wide fiscal deficits and the increase in principal repayments coming due on previous borrowing from Banque d'Algérie would result in large financing needs in the medium term and put significant pressure on the banking sector.

Source: International Monetary Fund

NIGERIA

Ratings of nine banks downgraded on deteriorating operating environment

Moody's Investors Service downgraded the long-term local and foreign currency deposit ratings of Access Bank, United Bank for Africa (UBA), Zenith Bank, First Bank of Nigeria (FBN), Guaranty Trust Bank (GT Bank), First City Monument Bank (FCMB), Fidelity Bank, Union Bank of Nigeria (UBN) and Sterling Bank from 'B3' to 'Caa1'. In addition, it changed the outlook of the long-term deposit and the senior unsecured debt ratings of the nine banks from 'review for further downgrade' to 'stable'. It attributed the downgrade of the ratings to its similar action on the sovereign and to the deterioration of the operating environment, as well as to the linkages between the sovereign's weakened creditworthiness and the banks' balance sheets. It noted that foreign currency shortages in the country pose risks to the liquidity, capitalization and asset quality of Nigerian banks. It considered that the uncertain oil production in Nigeria, capital outflows, and the government's limited access to external funding will continue to weigh on the country's external position in 2023. In parallel, it said that the 'stable' outlook on the banks' ratings is in line with the outlook on the sovereign rating. Further, it pointed out that the ratings of Access Bank, FBN, Fidelity Bank, UBN and Sterling Bank are limited by modest capital buffers, while the ratings of GT Bank, Zenith Bank, UBA and UBN are supported by their adequate capitalization. It indicated that the ratings of Access Bank, Zenith Bank, Fidelity Bank, GT Bank and UBA are underpinned by their sound profitability, while weak profitability ratios are weighing on the ratings of FCMB, UBN and Sterling Bank.

Source: Moody's Investors Service

KUWAIT

Agency takes rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of the National Bank of Kuwait (NBK), NBK International and NBK France at 'A+', and the IDRs of Boubyan Bank, Bank of London and the Middle East (BLME), Gulf Bank, and Kuwait Finance House (KFH) at 'A', with a 'stable' outlook on the ratings. It also it maintained the Viability Rating (VR) of NBK at 'a-', the VRs of Boubyan Bank and Gulf Bank at 'bbb-', and the ratings of KFH at 'bb+'. Further, it downgraded the VR of Al Ahli Bank of Kuwait from 'bb+' to 'bb' due to a severe and larger-than-expected drop in the bank's capitalization, following rapid lending growth, which resulted in an increase in the bank's risk-weighted assets. It indicated that the banks' IDRs are driven by the high probability of support from the Kuwaiti authorities to all domestic banks in case of need. It added that the ratings of NBK International, NBK France and BLME reflect potential support from their parent banks. It pointed out that the VRs of NBK, Boubyan Bank, Gulf Bank and KFH are supported by their adequate capitalization, sound funding, and healthy liquidity. It said that the VRs of NBK, Boubyan Bank and Gulf Bank take into account the banks' solid domestic franchise, while the VR of KFH is supported by the bank's leading Islamic banking franchise. It noted that the VR of NBK is underpinned by the bank's stable profitability, while the VRs of Boubyan Bank, Gulf Bank and KFH reflect their improving profitability.

Source: Fitch Ratings

TUNISIA

Bank ratings downgraded on increasing probability of sovereign default

Moody's Investors Service downgraded the long-term local and foreign currency deposit ratings of Banque Internationale Arabe de Tunisie (BIAT), Amen Bank, Banque de Tunisie (BdT), and Société Tunisienne de Banque (STB) from 'Caa1' to 'Caa2', and affirmed the long-term local and foreign currency deposit rating of Arab Tunisian Bank (ATB) at 'Caa1'. Also, it changed the outlook on the banks' long-term deposit ratings from 'rating under review' to 'negative' following its similar action on the sovereign ratings, as it considered that the probability of government default or the risk of material financial losses in banks may rise beyond what is consistent with the ratings. It attributed the downgrade of the ratings to the continuously uncertain operating conditions in the country, exacerbated by the absence of a comprehensive financing package to meet the government's large funding needs, which raises the risk of a sovereign default. Also, it indicated that the Tunisian banks' direct exposure to government securities, which was equivalent to 57% of the banks' aggregate shareholders' equity at the end of August 2022, exposes them to increasing asset and solvency risks. Further, it pointed out that delays in securing external financing will compound the pressure on Tunisia's foreign currency reserves through drawdowns for debt service payments, which would lead to a restructuring of the public debt that would entail losses for private sector creditors, including the banks. It expected Tunisia's slow economic growth, high inflationary pressures, low private investments, and delayed structural reforms to impact the banks' credit growth and profitability, while funding and liquidity remain tight.

Source: Moody's Investors Service

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

ICE Brent crude oil front-month prices reached $83.7 per barrel (p/b) on February 7, 2023, constituting an increase of 4.7% from $79.9 p/b on February 3, 2023, a recent low, due mainly to expected higher demand for oil from China on expectations of a rebound in its economic activity, and concerns about supply shortages following the shutdown of a major export terminal in Türkiye after the devastating earthquake. In parallel, the U.S. Energy Information Administration (EIA) expected demand for oil from OECD countries to remain largely flat in the first half of 2023, as inflationary pressures continue to weigh on global economic and oil demand growth and given that the consumption of oil in OECD economies is declining. Also, it considered that the ban of the European Union on seaborne imports of petroleum products from Russia that began on February 5 could be more disruptive than the ban on crude oil imports implemented last December. It forecast global oil production to continue to outpace demand in the first half of 2023, with an expected buildup in global oil inventories of an average of 0.6 million barrels per day in 2023. As such, it expected Brent oil prices to average $85 p/b in the first half of 2023 and $82 p/b in the second half of 2023. In addition, the National Bank of Kuwait anticipated the global oil market to become tight and for oil prices to increase in the second half of 2023, due to the rebound in Chinese demand, projected Russian supply disruptions, supply restraints by OPEC+, and underwhelming increases in non-OPEC output. Further, the EIA forecast oil prices to average $84.9 p/b in the first quarter and $85.3 p/b in the second quarter of 2023.

Source: EIA, National Bank of Kuwait, Refinitiv, Byblos Research

Algeria's crude oil production up 6.5% in November 2022

Crude oil production in Algeria totaled 1.02 million barrels per day (b/d) in November 2022, constituting an increase of 6.5% from 959,000 b/d in November 2021. Further, total crude oil exports from Algeria amounted to 345,000 barrels per day (b/d) in November 2022, representing a rise of 15% from 300,000 b/d in November 2021.

Source: JODI, Byblos Research

Gold demand in Middle East up 22% in 2022

Consumer demand for gold in the Middle East, which includes demand for jewelry and for bars and coins, totaled 268.2 tons in 2022, constituting a rise of 22% from 220 tons in 2021. Gold demand in the region accounted for 8.1% of the global consumption of the precious metal in 2022. Consumer demand for gold in Iran reached 71.7 tons and represented 26.7% of the region's aggregate demand in 2022, followed by the UAE with 55.3 tons (20.6%), Saudi Arabia with 50.1 tons (18.7%), Egypt with 38 tons (14.2%), and Kuwait with 18.9 tons (7%).

Source: World Gold Council, Byblos Research

Non-OPEC international petroleum and liquid fuels to grow by 1.9% in 2023

The U.S. Energy Information Administration projected the production of international petroleum and liquid fuels from non-OPEC producers at 67.02 million barrels per day (b/d) in 2023, constituting an increase of 1.9% from 65.78 million b/d in 2022. The supply of international petroleum and liquid fuels from non-OPEC producers would represent 66.3% of global output.

Source: U.S. Energy Information Administration

Base Metals: Copper prices to average $8,732 per ton in 2023

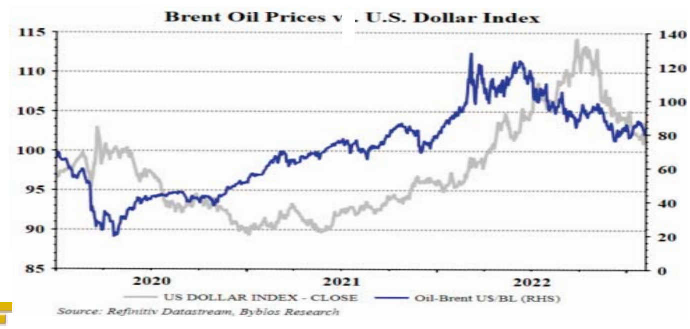
LME copper cash prices averaged $8,997.5 per ton in the first five weeks of 2023, constituting a decrease of 8.1% from an average of $9,790.3 a ton in the same period of 2022. Also, copper prices reached $8,893 per ton on February 7, 2023, down from the all-time high of $11,299.5 a ton on October 18, 2021, due mainly to the tightening of global monetary policy and a stronger US dollar. In parallel, S&P Global Market Intelligence projected the global demand for copper at 26.6 million tons in 2023, which would constitute an increase of 3.3% from 27.73 million tons in 2022. In addition, it forecast global copper production at 26.8 million tons in 2023, which would represent a rise of 5.2% from 25.5 million tons in 2022. Further, Julius Bär anticipated an increase in demand for copper in the near term, driven by higher demand for electric vehicles. It expected copper prices to increase in the short term in case of unforeseen disruptions to copper supply worldwide. In contrast, it projected prices to decrease in the short term in case of an economic slowdown in China and concerns about a worldwide recession. In parallel, S&P Global Market Intelligence anticipated copper prices to average $8,732 per ton in 2023.

Source: S&P Global Market Intelligence, Julius Bär, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,869 per ounce in first quarter of 2023

Gold prices averaged $1,895.5 per troy ounce in the first five weeks of 2023, constituting an increase of 4.5% from an average of $1,814.4 an ounce in the same period of 2022. Further, prices regressed from a peak of $2,506 per ounce on March 8, 2022 to $1,875.2 an ounce on February 7, 2023 due to a stronger US dollar and higher U.S. bond yields. In parallel, S&P Global Market Intelligence expected gold prices to increase in the short term, supported by a weaker dollar and high global inflation rates. But it forecast that the rise in interest rates would weigh on the metal's price. Also, it expected the global gold mine production to reach 3,315 tons in 2023, which would constitute an increase by 6% from 3,126 tons in 2022, driven by large increases in mine supply from Canada, Ghana and South Africa. In addition, it expected gold prices to decrease in the second half of 2023, due to the increase in interest rates by the U.S. Federal Reserve and other central banks. Moreover, it forecast gold prices to average $1,869 per ounce in the first quarter, $1,850 an ounce in the second quarter, $1,835 per ounce in the third quarter, and $1,800 an ounce in the fourth quarter of 2023. As such, it projected gold prices to average $1,839 per ounce in full year 2023.

Source: S&P Global Market Intelligence, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	LT Foreign currency rating Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- 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- Negative	Caa1 Stable	B- Stable	- -	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Tunisia	- -	Caa2 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	4.75	01-Feb-23	Raised 25bps	22-Mar-23
Eurozone	Refi Rate	3.00	02-Feb-23	Raised 50bps	N/A
UK	Bank Rate	4.00	02-Feb-23	Raised 50bps	23-Mar-23
Japan	O/N Call Rate	-0.10	18-Jan-23	No change	10-Mar-23
Australia	Cash Rate	3.35	07-Feb-23	Raised 25bps	N/A
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	08-Mar-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Jan-23	No change	20-Feb-23
Hong Kong	Base Rate	5.00	02-Feb-23	Raised 25bps	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	4.65	01-Feb-23	Raised 25bps	22-Mar-23
Saudi Arabia	Repo Rate	5.25	01-Feb-23	Raised 25bps	22-Mar-23
Egypt	Overnight Deposit	16.25	02-Feb-23	No change	30-Mar-23
Jordan	CBJ Main Rate	6.75	05-Feb-23	Raised 25bps	N/A
Türkiye	Repo Rate	9.00	19-Jan-23	No change	23-Feb-23
South Africa	Repo Rate	7.25	26-Jan-23	Raised 25bps	30-Mar-23
Kenya	Central Bank Rate	8.75	30-Jan-23	No change	N/A
Nigeria	Monetary Policy Rate	17.50	24-Jan-22	Raised 100bps	21-Mar-23
Ghana	Prime Rate	28.00	30-Jan-23	Raised 100bps	27-Mar-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	01-Feb-23	No change	N/A
Armenia	Refi Rate	10.75	21-Jan-23	No change	14-Mar-23
Romania	Policy Rate	7.00	10-Jan-23	Raised 25bps	09-Feb-23
Bulgaria	Base Interest	1.30	27-Jan-23	Raised 71bps	27-Feb-23
Kazakhstan	Repo Rate	16.75	13-Jan-23	No change	24-Feb-23
Ukraine	Discount Rate	25.00	26-Jan-23	No change	26-Mar-23
Russia	Refi Rate	7.50	16-Dec-22	No change	10-Feb-23

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