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# COUNTRY RISK WEEKLY BULLETIN

## NEWS HEADLINES

## WORLD

### Ecommerce retail sales to increase by 9% to $5.9 trillion in 2023

Figures released by research firm Insider Intelligence indicate that global retail electronic commerce sales amounted to $5.4 trillion (tn) in 2022, constituting an increase of 7.1% from $5.07tn in 2021. It projected retail ecommerce sales to increase by 9% to $5.9tn in 2023, to grow by 9.4% to $6.48tn in 2024, to rise by 8.8% to $7.05tn in 2025, and to expand by 8% to $7.6bn in 2026. As such, it anticipated retail ecommerce sales to account for 20.2% of global retail sales in 2023, and for this share to grow to 21.2% in 2024, to 22.2% in 2025, and to 23.3% in 2026. It projected retail ecommerce sales in Southeast Asia to increase by 18.6% in 2023, followed by the Middle East & Africa (+16%), Latin America (+12.7%), Central & Eastern Europe (+10.3%), North America (+10.2%), Asia-Pacific (+8.8%), and Western Europe (+4.8%). In parallel, it indicated that global retail sales reached $28.2tn in 2022, constituting an increase of 7% from $26.4tn in 2021. It forecast global retail sales to increase by 4% to $29.3tn in 2023, to expand by 4.3% to $30.6tn in 2024, to rise by 3.7% to $31.7tn in 2025, and to grow by 3.4% to $32.8tn in 2026. It expected retail sales in Southeast Asia to increase by 7% in 2023, followed by the Middle East & Africa (+6%), Asia-Pacific (+5.1%), Latin America (+4.8%), North America (+3.1%), Western Europe (+1.6%), and Central & Eastern Europe (+0.4%).
*Source: Insider Intelligence, Byblos Research*

### Mergers and acquisitions deals down 52% to $37bn in 2022

Figures released by Bain & Company indicate that global mergers and acquisitions (M&A) activity in the wealth and asset management (WAM) sector totaled $37bn in the first 10 months of 2022, constituting a decrease of 52% from $77bn in 2021. M&A transactions in the WAM industry amounted to $57bn in 2016, $39bn in 2017, $48bn in 2018, $60bn in 2019, and $57bn in 2020. The distribution of transactions shows that M&A deals in the Asia-Pacific region reached $21.5bn and accounted for 58% of the aggregate deal value in the first 10 months of 2022, followed by the Americas with $8.1bn (22%), and Europe, the Middle East, and Africa with $7.4bn (20%). In addition, the number of M&A transactions in the WAM industry totaled 596 deals in the covered period, and declined by 6.4% from 637 transactions in 2021. The number of M&A deals reached 898 transactions in 2016, 818 deals in 2017, 664 transactions in 2018, 695 deals in 2019, and 596 transactions in 2020. Also, there were 244 M&A deals in the Americas or 41% of the aggregate number of M&A deals in the covered period, followed by Europe, the Middle East, and Africa with 179 transactions (30%), and the Asia-Pacific region with 173 deals (29%).
*Source: Bain & Company, Byblos Research*

## MENA

### Level of economic freedom varies across Arab countries in 2023

The Heritage Foundation ranked the United Arab Emirates in 24th place globally and in first place in the Arab world on its Index of Economic Freedom for 2023. Qatar follows in 36th place, then Bahrain (68th), Jordan (93rd), and Oman (95th) as the five highest ranked Arab economies. In contrast, Tunisia (132nd), Egypt (151st), Lebanon (164th), Algeria (168th), and Sudan (173rd) are the Arab countries with the lowest level of economic freedom in the region. The index is a broad indicator of economic freedoms in 177 countries and evaluates individual economies based on 12 equally-weighted broad factors of economic freedom. The region's level of economic freedom stood at 55.2% in 2023, nearly unchanged from the 2022 survey, and compared to the global average of 59.3% this year. The GCC countries' average score is 62.6% in 2023 relative to 61.7% on the 2022 index, while the average score of non-GCC Arab countries stands at 50.3% this year compared to 50.9% last year. Also, the rankings of nine Arab countries improved, those of five economies deteriorated and the ranking of one country was unchanged year-on-year, while the scores of eight Arab countries increased, those of six economies regressed, and the score of one country remained the same from the 2022 index. The survey classified one Arab economy as "mostly free", two countries in the "moderately free" category, eight economies as "mostly unfree", and four sovereigns in the "repressed" economies category. In parallel, the level of economic freedom in Arab countries is lower than the level in Europe (68.2%), the Americas (58.6%), the Asia-Pacific region (58.2%), and Sub-Saharan Africa (53.6%).
*Source: Heritage Foundation, Byblos Research*

## GCC

### Fixed income issuance up 61% to $27.2bn in the first two months of 2023

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $27.2bn in the first two months of 2023, constituting an increase of 61% from $16.9bn in the same period of 2022. Fixed income issuance in the first two months of the year consisted of $11.7bn in corporate bonds, or 43% of the total, followed by $11bn in sovereign bonds (40.4%), $4.4bn in corporate sukuk (16.2%), and $0.1bn in sovereign sukuk (0.4%). Further, aggregate bonds and sukuk issued by corporates in the GCC amounted to $16.1bn in the first two months of 2023, or 59.2% of fixed income output in the region; while issuance by GCC sovereign reached $11.1bn, or 40.8% of the total. GCC sovereigns issued $10bn in bonds and sukuk in January and $1.1bn in February 2023. In parallel, companies in the GCC issued $2.4bn in bonds and sukuk in January and $13.7bn in February 2023. In parallel, corporate output in the covered month included $8.5bn in bonds issued by companies based in Saudi Arabia, $500m in sukuk and $309m in bonds issued by firms based in the UAE, and $100m in bonds issued by companies based in Qatar. In parallel, sovereign proceeds in the covered month consisted of $1bn in bonds and $110m in sukuk issued by the UAE.
*Source: KAMCO*

# OUTLOOK

## AFRICA

### Economic and fiscal outlook dependent on external factors

The International Monetary Fund (IMF) anticipated that the adverse terms-of trade-shock as a result of Russia's war in Ukraine would slow down the post-COVID-19 recovery in the economies of the West African Economic & Monetary Union (WAEMU), which consist of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. It estimated that the region's real GDP growth at 5.1% in 2022 and projected economic activity to expand by 6.2% in 2023. It also expected the region's real GDP growth to stabilize at about 6% in the medium term, in case new hydrocarbon production comes on stream in Niger and Senegal. In addition, it projected the region's average inflation rate at 3.3% in 2023 and expected it to converge to the Banque Centrale des États de l'Afrique de l'Ouest's target band of 2% by end-2024.

It anticipated that authorities in WAEMU countries will further delay fiscal consolidation efforts, as the region aims to address the challenges from the economic and social impact of surging global food and energy prices, and from security concerns. It considered that these challenges, and pressure on the public-sector wage bill in some countries, will delay the convergence of the aggregate fiscal deficit to the regional ceiling of 3% of GDP until 2025. As such, it expected the region's aggregate public debt level to decline from 56.8% of GDP at the end of 2022 to 53% of GDP by end-2025. Further, it projected the region's aggregate current account deficit to narrow from a peak of 7.7% of GDP in 2022 to 6.4% of GDP in 2023, and anticipated it to stabilize at 4% of GDP annually in the medium term, in case of rising exports, declining imports, a gradual fiscal consolidation, and the completion of import-intensive hydrocarbon projects in Niger and Senegal. Also, it expected the union's gross foreign currency reserves to remain at adequate levels and to rise from $17.94bn at end-2023 to $20.37bn by end-2025.

It considered that risks to the outlook are tilted to the downside and include a protracted war in Ukraine, further disruptions to international supply chains, and additional tightening of global financial conditions that could prolong the WAEMU countries' difficulties to borrow and refinance debt from external sources.
*Source: International Monetary Fund*

## GCC

### Oil prices supportive of economic activity in near term

Goldman Sachs considered that the near-term economic prospects of the Gulf Cooperation Council (GCC) countries are positive, given the high oil price environment and the ongoing investment drive in the region, and projected real GDP growth in the region at 3.5% in 2023 relative to 7% in 2022. It forecast global oil prices to increase in the near term, given limited supply from chronic underinvestment in upstream activities, shale constraints, and OPEC+ production quotas.

As a result, it expected that higher oil prices will support near-term economic prospects for GCC countries, as it estimated the average fiscal and external breakeven oil prices for the region at about $72.3 p/b and in the mid-$50 p/b, respectively, in 2023, and forecast oil prices to average $90 p/b this year. It projected the aggregate fiscal surplus of GCC sovereigns to decrease from 5.9% of GDP in 2022 to 3.9% of GDP in 2023, and for the region's public debt level to rise from 44.2% of GDP at the end of 2022 to 44.7% of GDP by end-2023. It also projected the aggregate current account surplus of GCC countries to decline from 16.7% of GDP in 2022 to 13.8% this year. Still, it forecast the aggregate foreign currency reserves at the region's central banks to rise from $864.5bn at end-2022 to $983.4bn by end-2023.

It considered that downside risks to the outlook in the medium term include the possibility of lower oil prices, to which Bahrain and Oman are most exposed; rising inflation rates, mainly in the UAE; and geopolitical instability about Iran's nuclear program and the lack of near-term prospects for a diplomatic resolution.
*Source: Goldman Sachs*

## ANGOLA

### Medium-term outlook contingent on economic diversification and oil prices

The International Monetary Fund projected Angola's real GDP growth to accelerate from 2.8% in 2022 to 3.5% in 2023, mainly supported by a recovery in the non-oil economy. It expected real oil GDP growth to decelerate from 2% last year to 1.2% in 2023, and for activity in the non-oil economy to expand by 3.2% in 2022 and 4.3% this year, mainly due to the full recovery in the commerce and communications sectors from the fallout of the COVID-19 pandemic. It forecast real GDP growth to stabilize at about 4% in the medium term, supported by the authorities' plans for structural reforms to diversify the economy away from the oil sector. In addition, it anticipated the inflation rate to continue to decline and to average 11.7% in 2023, due to the drop in global food prices and tighter local monetary policy, and expected it to reach single-digits by the end of 2024.

In parallel, it projected the fiscal balance to shift from a surplus of 1.7% of GDP in 2022 to a deficit of 0.4% of GDP in 2023, if authorities fail to implement specific non-oil tax revenue measures or fuel subsidy reforms, and in case of lower global oil prices. Still, it forecast the public debt level to decline from 66% of GDP at the end of 2022 to 64% of GDP at end-2023, as it expected the non-oil primary fiscal deficit to narrow this year. In addition, it anticipated the current account surplus to decline from 11% of GDP in 2022 to 6.3% of GDP in 2023, in case of lower global hydrocarbon prices. Still, it expected foreign currency reserves to rise from $14.5bn at end-2022 to $14.8bn at end-2023.

Further, the IMF considered that risks to the economic outlook are tilted to the downside. It noted that the primary risk consists of a larger-than-expected decline in global oil prices that could result in the depreciation of the Angolan kwanza, a worsening of the fiscal and external balances, a rise in the public debt level, as well as increased inflationary pressures. It added that domestic risks include the authorities' failure to significantly reverse the looser fiscal stance of 2022, and adverse weather conditions that would negatively impact the agricultural sector.
*Source: International Monetary Fund*

## SYRIA

### Estimated damages from earthquakes at 10% of GDP

The World Bank estimated that the three very large earthquakes that hit Türkiye and Syria on February 6 and February 20 of this year caused a total of $5.1bn in direct physical damages to buildings and infrastructure in Syria, or the equivalent of 10% of Syria's estimated GDP. It also expected the direct physical damages to range between $2.7bn and $7.9bn, given the uncertainties that surround previously damaged buildings from the conflict in the country and the lack of information about the number of buildings that were damaged by the earthquakes. In addition, it pointed out that the earthquakes resulted in widespread damage across the Aleppo, Idlib, Hama, and Lattakia governorates, which house about 10 million people, or more than half of Syria's total population. In parallel, it indicated that the earthquakes have left 900,000 people temporarily homeless due either to severe damage to residential buildings or to the complete collapse of buildings. Further, it estimated the damages to residential buildings at $2.5bn, or 48.5% of the total earthquake-related damage in Syria; followed by damages to non-residential buildings, such as commercial, industrial and government buildings, at $1.7bn (33.5%); and damages related to infrastructure, such as roads, power and water supply, as well as information and communications technology infrastructure, at $0.9bn (18%).

*Source: World Bank*

## UAE

### Favorable outlook to support premium growth in 2023

S&P Global Ratings indicated that favorable economic conditions, higher oil prices, a relaxation of visa requirements, and other positive structural changes in the recent years supported growth in the insurance sector in the United Arab Emirates. Also, it considered that the repricing of the motor and medical insurance policies led to the improvement of the sector in 2022. It expected that the ongoing increase in economic activity and the plans of local authorities to extend the coverage of mandatory health insurance to the northern emirates in early 2023 would support premium growth in the UAE. It estimated that the underwriting results of insurers declined in 2022, mainly driven by higher operating costs and lower reinsurance commission income. As such, it estimated that the ratio of net claims and expenses incurred to net earned premium increased from 90% in 2021 to 93% in 2022. It anticipated the ratio to stabilize at 93% in the near term and expected higher interest rates in the country to support the earnings of insurers, while it indicated that the operational costs related to the implementation of IFRS 17, as well as the introduction of a 9% corporate tax on net profits starting in June 1, 2023, would weigh on insurers' earnings. Further, it considered that high competition and the need for scale to reduce high operating costs, would lead to further consolidation among insurance companies in 2023. It projected the gross written premiums in the UAE to reach about $14.8bn in 2023, which would constitute an increase of 9.6% from nearly $13.5bn in 2022. It estimated medical insurance to account for 46.6% of total premiums in 2023, followed by property & casualty insurance with 33.8%, and life and savings with 19.6% in 2023.

*Source: S&P Global Ratings*

## TÜRKIYE

### Risk of external funding gap to rise from earthquake

Goldman Sachs expected that the cost of the recent earthquakes to near-term economic activity in Türkiye will be limited, despite the very high cost to the capital stock, in case authorities maintain institutional stability and funding is available to mitigate the impact of the disaster and to absorb the deterioration in the current account. However, it anticipated that the scale of the economic fall-out will depend on the availability of external funding, and considered that a mitigating factor is the affected regions' relatively small share in the country's tourism and export-oriented industries. It projected real GDP growth at 2.9% in 2023, which is 0.4 percentage points lower than its pre-earthquake forecast. In parallel, it expected favorable base effects to reduce inflation rates in the second half of 2023, but anticipated the disaster to exacerbate price pressures. In parallel, it anticipated the fiscal deficit to widen significantly in 2023, and considered that the more pressing bottleneck is Türkiye's limited access to market funding given its sub-investment grade rating and wide current account deficit. It considered that the economic outlook could further deteriorate if non-market funding falls short of the level required by the scale of the disaster, and/or in case of large foreign currency withdrawals from the banking system. Further, it pointed out that the Central Bank of the Republic of Türkiye's (TCMB) foreign assets fell by $6.4bn since the earthquake, with most of the decrease resulting from a decline in swaps with banks.

*Source: Goldman Sachs*

## NIGERIA

### New administration facing multiple economic challenges

Bank of America (BofA) considered that multiple policy issues await Nigeria's new president and incoming government, including raising oil and gas production to boost public revenues, removing fuel subsidies, rationalizing debt service, as well as liberalizing the exchange rate, lowering restrictions on foreign currency, reducing the monetization of the fiscal deficit, and implementing the Petroleum Investment Act. However, it expected the new administration to consider a gradual removal of the petrol subsidies instead of a one-shot removal, and indicated that the president pledged to stay within the limits of central bank lending to the government. Still, it noted that one-off adjustments to the exchange rate and subsidy removals would give the economy a short-term boost. In addition, BofA considered that low oil production, elevated debt servicing, and constrained access to external financing remain key concerns for Nigeria, but it did not expect authorities to resort to a public debt restructuring in 2023. It pointed out that foreign currency reserves at the Central bank of Nigeria are declining but can support the $500m Eurobond that is due in 2023. It also expected that resumption of oil production at the Forcardo terminal to mitigate for existing challenges from low oil revenues. Further, it considered that authorities should implement reforms on currency management in order for the NAFEX exchange rates and official rates to converge.

*Source: Bank of America*

# BANKING

## SAUDI ARABIA

### Banking sector liquidity to increase in near term

Goldman Sachs attributed the tighter liquidity in the Saudi banking sector, despite elevated oil prices, to the rapid growth in lending in the 2020-22 period, the mismatch between the sector's assets and liabilities, higher interest rates that resulted in the shift of liquidity from short-term non-interest bearing deposits to longer maturing interest-bearing deposits and investments, as well as oil windfall gains that were channeled towards international investments and local project spending. It pointed out that lending grew by 32% in the 2020-22 period, which exceeded the 18% growth in deposits during the same period. Further, it expected that a slowdown in credit growth in 2023, the diversification of funding sources by banks through debt market issuance and the sale of mortgage portfolios to the Saudi Real Estate Refinance Company, as well as the increasing role of the Public Investment Fund in local investments, would help alleviate liquidity tightness at banks in the near term. Also, it anticipated the net interest margins of the banks to widen, as it noted that a potential slowdown in lending growth would reduce the pressure on the their cost of funds, especially that it did not expect a cut in interest rates until 2024. In addition, it considered that debt issuance will help increase the liquidity of Saudi banks by diversifying their sources of funding and reducing their reliance on deposits, by narrowing the mismatches between their assets and liabilities, by optimizing the banks' ratio of assets to shareholders' equity, and by encouraging selective loan origination.

*Source: Goldman Sachs*

## MOROCCO

### Removal from FATF grey list is credit positive for banks

Moody's Investors Service indicated that the Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), removed Morocco on February 24, 2023 from its "grey list" of jurisdictions subject to increased monitoring, due to the country's significant progress in improving its anti-money laundering (ML) and terrorism-financing (TF) regime. Also, it noted that the government has strengthened its legal and regulatory framework to combat ML and TL since the FATF added the country to the list in February 2021. Further, it pointed out that the removal of Morocco from the "grey list" is credit positive for local banks and the broader domestic financial system, given that it will reduce the reputational risks stemming from increased levels of monitoring by the FATF, and support confidence in the local financial system. It also expected the de-listing to reduce the risk of delays in clearing and settlement for cross-border payments and receipt transactions, and to support capital inflows to the country, which would improve the banks' relationships with international correspondent banks, clearing-houses, and investors. In addition, it anticipated the higher compliance costs and increased time required to comply with the revised regulations that accompanied Morocco's grey-listing to persist, as banks will have to keep the stricter processes in place. In parallel, it noted that Parliament enacted a law in June 2021 to combat money laundering, which strengthened the national system for implementing targeted financial sanctions.

*Source: Moody's Investors Service*

## ARMENIA

### Agencies take rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of Ardshinbank and ACBA Bank at 'B+', and the IDR of Armeconombank (AEB) at 'B'. It also revised the outlook from 'stable' to 'positive' on the long-term ratings of the three banks, following its similar action on the sovereign ratings. It attributed the 'positive' outlook to the country's resilient economic growth and improving external finances, which would support the banking sector's operating environment and the stability of the banks' key credit metrics. It expected the positive conditions to contribute to the banking sector’s revenues and credit growth, which, in turn, would result in the sustained strengthening of the banks' profitability, capitalization, funding and liquidity metrics. Further, it noted that the Armenian authorities have limited financial flexibility to provide extraordinary support to the banks, given the banking sector's large foreign currency liabilities relative to the level of the country's foreign currency reserves. In parallel, Moody's Investors Service affirmed the long-term local and foreign-currency deposit ratings of AEB at 'B1' and the ratings of IDBank at 'B2'. It revised the outlook on the ratings of AEB from 'negative' to 'stable', due to its expectations that the bank's financial metrics will remain broadly unchanged in the next 12 to 18 months. It indicated that the ratings of AEB are supported by the bank's track-record of sound control of credit risks, moderate profitability, and solid liquidity. Also, it revised the outlook on the ratings of IDBank from 'stable' to 'positive' due to the expected improvement of the bank's standalone credit profile in the next 12 to 18 months

*Source: Fitch Ratings, Moody's Investors Service*

## KUWAIT

### Rating agencies take actions on banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of Ahli United Bank Kuwait (AUBK), Burgan Bank, and Commercial Bank of Kuwait (CBK) at 'A', with a 'stable' outlook on the ratings. It also it maintained the Viability Rating (VR) of AUBK at 'bbb-', the VR of CBK at 'bb+', and the rating of Burgan Bank at 'bb'. It indicated that the banks' IDRs are driven by the high probability of support from the Kuwaiti authorities to domestic banks in case of need. It said that the ratings of the three banks are supported by their stable funding and adequate liquidity. It noted that the VR of AUBK balances the bank's solid franchise and adequate capitalization, against its high concentration risks. It pointed out that the rating of CBK reflects the bank's high risk appetite, stable asset quality, recovering profitability, and strong capital ratios. It added that the VR of Burgan Bank takes into account the bank's high risk appetite, tight capitalization for its significant operations in challenging markets, high balance-sheet concentrations, vulnerable asset quality, and weak profitability. Further, Moody's Investors Service affirmed the long-term local and foreign currency deposit ratings of National Bank of Kuwait (NBK) at 'A1' and the bank's Baseline Credit Assessment (BCA) at 'a3', with a 'stable' outlook on the ratings. It noted that the ratings of NBK are underpinned by the bank's long track record of strong earnings, a dominant franchise in Kuwait, a broadly diversified loan portfolio, strong asset quality, stable funding, and healthy capital adequacy ratios.

*Source: Fitch Ratings, Moody's Investors Service*

## Oil prices to average $85.4 p/b in first quarter of 2023

ICE Brent crude oil front-month prices reached $82.7 per barrel (p/b) on March 8, 2023, constituting a decrease of 4.1% from $86.2 p/b on March 6, mainly due to expectations of further increases in interest rates by the U.S. Federal Reserve, which would put pressure on the economic growth and demand for oil. In parallel, the National Bank of Kuwait considered that that there is a high level of uncertainty about energy prices in the near term, as a potential recession in advanced economies is weighing on the outlook for global oil markets in 2023, and expected oil prices to average $90 p/b this year. It noted that the balance of risks to oil prices for this year are tilted to the upside due to a pick up in Chinese demand for oil, cuts in Russian oil supplies, the production cuts from the OPEC+ coalition, and lower-than-expected increases in non-OPEC output. In addition, it indicated that Russia's intentional cut in its crude output would reach around 9.35 million barrels per day starting in March 2023, following the Group of Seven nations' imposition of a price cap on Russian oil exports and the European Union's embargo on Russian crude oil imports. Also, it pointed out that growing concerns about additional monetary tightening by central banks in advanced economies would put pressure on oil prices in the near term, while the reopening of the Chinese economy would boost demand for oil and support oil prices. Further, Refinitiv projected oil prices, through its latest crude oil price poll of industry analysts, to average $85.4 p/b in the first quarter and $88.6 p/b in the second quarter of 2023.

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

## Non-OPEC ME&A's liquid hydrocarbons production to grow by 1% in 2023

OPEC projected the production of liquid hydrocarbons from non-OPEC producers in the Middle East & Africa (ME&A) region to average 4.7 million barrels per day (b/d) in 2023, constituting an increase of 1.1% from 4.65 million b/d in 2022. The supply of oil from non-OPEC producers in the ME&A region would represent 14.6% of output in non-OECD countries and 7% of oil production in non-OPEC countries.

*Source: OPEC*

## Kuwait's crude oil production up 5% in December 2022

Crude oil production in Kuwait totaled 2.67 million barrels per day (b/d) in December 2022, constituting an increase of 5% from 2.55 million b/d in December 2021. Further, total crude oil exports from Kuwait amounted to 1.68 million barrels per day (b/d) in December 2022, representing a decrease of 7.4% from 1.8 million b/d in December 2021.

*Source: Joint Organizations Data Initiative, Byblos Research*

## Global output for natural gas to stay flat in 2023

The International Energy Agency projected global natural gas production to reach 4,128 billion cubic meters (bcm) in 2023, nearly unchanged from 4,119 bcm in 2022. It anticipated production for natural gas in North America at 1,258 bcm and to represent 30.5% of the world's aggregate production in 2023, followed by Eurasia 825 bcm (20%), the Middle East with 734 bcm (17.8%), Asia Pacific with 666 bcm (16.1%), Africa with 266 bcm (6.4%), and Europe with 226 bcm (5.5%).

*Source: International Energy Agency, Byblos Research*

## Base Metals: Lithium carbonate prices to average $52,000 per ton in first quarter of 2023

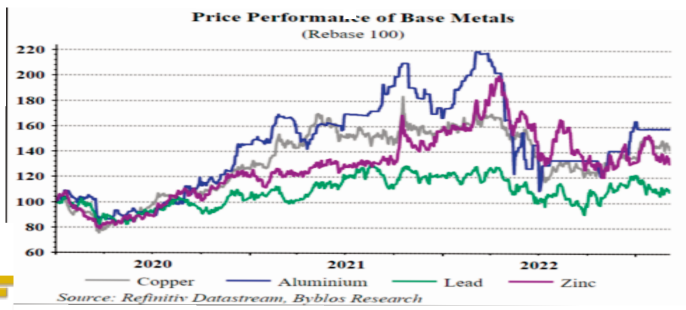
Lithium carbonate prices averaged $65,046.2 per ton in the first nine weeks of 2023, constituting a rise of 16.8% from an average of $55,703.6 a ton in the same period last year. Also, lithium hydroxide prices averaged $67,971.2 per ton in the first nine weeks of 2023, constituting a surge of 43% from an average of $47,505.8 a ton in the same period last year. The rise in the metal's price is due to a global increase in the demand for electric vehicles (EV). In parallel, Citi Research expected the global demand for lithium to reach 932,313 tons in 2023 and to grow by 17% from 797,240 tons in 2022; while it forecast the global supply of lithium to rise by 30.5% from 715,332 tons in 2022 to 933,489 tons in 2023. Further, it projected global demand for lithium to reach 1.18 million tons in 2024 and for global supply to stand at 1.19 million tons next year. It expected lithium prices to decrease to $50,000 a ton in the first half of 2023, driven by China's expiration of EV subsidies, which would weigh on the sales of EV in the near term. In parallel, it projected lithium carbonate prices to average $52,000 per ton in the first quarter of 2023 and lithium hydroxide prices to average $56,000 a ton in the same period.

*Source: Citi Research, Refinitiv, Byblos Research*

## Precious Metals: Platinum prices to average $990 per ounce in second quarter of 2023

Platinum prices averaged $1,002 per troy ounce in the first nine weeks of 2023, constituting a decrease of 2.8% from an average of $1,030.6 an ounce in the same period last year. Further, platinum prices regressed from the recent high of $1,151 per ounce on March 8, 2022 to $944 an ounce on March 8, 2023, driven by the expected slowdown in global economic growth, which put downward pressure on the metal's price. In parallel, the World Platinum Investment Council projected global demand for platinum to reach nearly 8 million ounces in 2023 and to increase by 24% from 6.5 million ounces in 2022. Also, it forecast the global supply of platinum to increase by 3% from 7.2 million ounces in 2022 to 7.43 million ounces in 2023, with mine output representing 75% of global refined platinum production this year. It expected the platinum market to shift from a surplus in 2022 to a deficit in 2023 due to the limited supply of the metal. It indicated that the shortages of electricity supply at major producers in South Africa and a gradual erosion of operational stability in Russia linked to the ongoing sanctions on Russian exports pose downside risks to the supply of platinum. Moreover, Standard Chartered Bank forecast platinum prices to average $990 per ounce in the second quarter and $1,050 an ounce in the third quarter of 2023.

*Source: World Platinum Investment Council, Standard Chartered Bank, Refinitiv, Byblos Research*



# COUNTRY RISK METRICS

| Countries | S&P | Moody's | LT Foreign currency rating<br>Fitch | CI | General gvt. balance/ GDP (%) | Gross Public debt (% of GDP) | Usable Reserves / CAPs* (months) | Short-Term External Debt by Rem. Mat./ CARs | Gvt. Interest Exp./ Rev. (%) | Gross Ext. Fin. needs / (CAR + Use. Res.) (%) | Current Account Balance / GDP (%) | Net FDI / GDP (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Africa** | | | | | | | | | | | | |
| Algeria | - | - | - | - | | | | | | | | |
| | - | - | - | - | -6.5 | - | - | - | - | - | -10.8 | 1.1 |
| Angola | B- | B3 | B- | - | | | | | | | | |
| | Stable | Positive | Positive | - | -1 | 111.2 | 7.8 | 62.6 | 40.4 | 101.0 | -4.0 | 1.5 |
| Egypt | B | B2 | B+ | B+ | | | | | | | | |
| | Stable | Negative | Negative | Stable | -8.0 | 90.2 | 5.6 | 68.6 | 50.1 | 121.1 | -3.5 | 1.9 |
| Ethiopia | CCC | Caa1 | CCC- | | | | | | | | | |
| | Negative | RfD** | - | - | -3.4 | 34.3 | 2.0 | 60.4 | 5.0 | 169.5 | -6.5 | 2.6 |
| Ghana | SD | Ca | SD | - | | | | | | | | |
| | - | Stable | - | - | -7.5 | 71.7 | 2.6 | 42.3 | 53.2 | 121.4 | -3.1 | 3.8 |
| Côte d'Ivoire | - | Ba3 | BB- | - | | | | | | | | |
| | - | Positive | Stable | - | -4.1 | 43.2 | | | 14.3 | | -3.5 | 1.4 |
| Libya | - | - | - | - | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Dem Rep | B- | B3 | - | - | | | | | | | | |
| Congo | Stable | Stable | - | - | -0.8 | 13.17 | 0.49 | 7.88 | 2.16 | 116.35 | -4.3 | 3 |
| Morocco | BBB- | Ba1 | BB+ | - | | | | | | | | |
| | Negative | Stable | Stable | - | -5.0 | 68.2 | 5.3 | 35.1 | 8.6 | 99.0 | -5.3 | 1.5 |
| Nigeria | B- | Caa1 | B- | - | | | | | | | | |
| | Negative | Stable | Stable | - | -4.5 | 46.0 | 4.1 | 56.7 | 27.7 | 119.9 | -1.7 | 0.2 |
| Sudan | - | - | - | - | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Tunisia | - | Caa2 | CCC+ | - | | | | | | | | |
| | - | Negative | - | - | -4.7 | 81.0 | 4.2 | - | 11.9 | - | -8.3 | 0.5 |
| Burkina Faso | B | - | - | - | | | | | | | | |
| | Stable | - | - | - | -5.4 | 51.3 | 0.4 | 22.3 | 7.1 | 134.0 | -5.5 | 1.5 |
| Rwanda | B+ | B2 | B+ | - | | | | | | | | |
| | Negative | Negative | Stable | - | -9.0 | 71.4 | 4.1 | 24.2 | 8.0 | 112.6 | -10.7 | 2.0 |
| **Middle East** | | | | | | | | | | | | |
| Bahrain | B+ | B2 | B+ | B+ | | | | | | | | |
| | Positive | Negative | Stable | Stable | -6.8 | 115.4 | -1.2 | 198.8 | 26.7 | 345.2 | -6.6 | 2.2 |
| Iran | - | - | - | B | | | | | | | | |
| | - | - | - | Stable | -3.7 | - | - | - | - | - | -2.0 | 1.2 |
| Iraq | B- | Caa1 | B- | - | | | | | | | | |
| | Stable | Stable | Stable | - | -8.0 | 78.1 | -4.4 | 6.0 | 6.6 | 185.9 | -2.4 | -1.0 |
| Jordan | B+ | B1 | BB- | B+ | | | | | | | | |
| | Stable | Positive | Negative | Positive | -3.0 | 93.9 | 1.0 | 86.0 | 11.9 | 182.9 | -6.4 | 2.2 |
| Kuwait | A+ | A1 | AA- | A+ | | | | | | | | |
| | Stable | Stable | Stable | Stable | 5.7 | 20.2 | 1.7 | 77.9 | 0.6 | 157.3 | -0.8 | 0.0 |
| Lebanon | SD | C | C | - | | | | | | | | |
| | - | - | - | - | -10.0 | 190.7 | 2.3 | 168.0 | 68.5 | 236.7 | -11.2 | 2.0 |
| Oman | BB | Ba3 | BB | BB | | | | | | | | |
| | Stable | Positive | Stable | Stable | -11.3 | 84.3 | 1.4 | 47.1 | 12.4 | 146.6 | -10.9 | 2.7 |
| Qatar | AA | Aa3 | AA- | AA | | | | | | | | |
| | Stable | Positive | Stable | Stable | 5.3 | 63.3 | 2.9 | 179.1 | 7.2 | 225.3 | -1.2 | -1.5 |
| Saudi Arabia | A- | A1 | A | A+ | | | | | | | | |
| | Positive | Stable | Positive | Positive | -6.2 | 38.2 | 16.3 | 18.4 | 3.6 | 50.4 | -0.6 | -1.0 |
| Syria | - | - | - | - | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| UAE | - | Aa2 | AA- | AA- | | | | | | | | |
| | - | Stable | Stable | Stable | -1.6 | 40.5 | - | - | 2.5 | - | 3.1 | -0.9 |
| Yemen | - | - | - | - | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - |

# COUNTRY RISK METRICS

| Countries | LT Foreign currency rating S&P | Moody's | Fitch | CI | General gvt. balance/ GDP (%) | Gross Public debt (% of GDP) | Usable Reserves / CAPs* (months) | Short-Term External Debt by Rem. Mat./ CARs | Gvt. Interest Exp./ Rev. (%) | Gross Ext. Fin. needs / (CAR + Use. Res.) (%) | Current Account Balance / GDP (%) | Net FDI / GDP (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asia** | | | | | | | | | | | | |
| Armenia | B+ Positive | Ba3 Negative | B+ Positive | B+ Positive | -4.9 | 65.5 | - | - | 11.3 | - | -6.7 | 1.6 |
| China | A+ Stable | A1 Stable | A+ Stable | - - | -3.0 | 72.6 | 12.1 | 40.6 | 2.5 | 68.7 | 1.7 | 0.4 |
| India | BBB- Stable | Baa3 Negative | BBB- Negative | - - | -10.0 | 89.6 | 9.5 | 41.7 | 31.6 | 79.5 | -0.6 | 1.5 |
| Kazakhstan | BBB- Stable | Baa3 Positive | BBB Stable | - - | -1.7 | 32.0 | 5.1 | 30.8 | 7.3 | 95.6 | -3.2 | 3.0 |
| Pakistan | CCC+ Stable | Caa3 Stable | CCC- - | - - | -8.0 | 89.4 | 1.9 | 41.5 | 45.9 | 127.7 | -1.6 | 0.6 |
| **Central & Eastern Europe** | | | | | | | | | | | | |
| Bulgaria | BBB Stable | Baa1 Stable | BBB Stable | - - | -5.0 | 30.4 | 2.7 | 28.3 | 1.9 | 104.2 | 0.4 | 1.0 |
| Romania | BBB- Negative | Baa3 Negative | BBB- Negative | - - | -7.2 | 52.4 | 3.5 | 25.5 | 4.5 | 102.9 | -5.1 | 2.0 |
| Russia | C CWN*** | Ca Negative | C - | - - | -2.2 | 23.4 | 11.4 | 18.6 | 2.9 | 59.3 | 1.9 | -0.8 |
| Türkiye | B Stable | B2 Negative | B Negative | B+ Stable | -4.0 | 38.5 | -0.9 | 74.0 | 9.9 | 205.7 | -4.2 | 1.0 |
| Ukraine | B- CWN | B3 RfD | CCC - | - - | -5.3 | 67.3 | 4.5 | 56.5 | 7.9 | 115.7 | -2.1 | 2.5 |

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

# SELECTED POLICY RATES

| | Benchmark rate | Current (%) | Last meeting | | Next meeting |
|---|---|---|---|---|---|
| | | | Date | Action | |
| | | | | | |
| USA | Fed Funds Target Rate | 4.75 | 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 | 3.60 | 07-Mar-23 | Raised 25bps | N/A |
| New Zealand | Cash Rate | 4.75 | 22-Feb-23 | Raised 50bps | 05-Apr-23 |
| Switzerland | SNB Policy Rate | 1.00 | 15-Dec-22 | Raised 50bps | 23-Mar-23 |
| Canada | Overnight rate | 4.50 | 08-Mar-23 | No change | N/A |
| **Emerging Markets** | | | | | |
| China | One-year Loan Prime Rate | 3.65 | 20-Feb-23 | No change | 20-Mar-23 |
| Hong Kong | Base Rate | 5.00 | 02-Feb-23 | Raised 25bps | 23-Mar-23 |
| Taiwan | Discount Rate | 1.75 | 15-Dec-22 | Raised 0.125bps | 23-Mar-23 |
| South Korea | Base Rate | 3.50 | 23-Feb-23 | No change | 13-Apr-23 |
| Malaysia | O/N Policy Rate | 2.75 | 09-Mar-23 | No change | 03-May-23 |
| Thailand | 1D Repo | 1.50 | 25-Jan-23 | Raised 25bps | 29-Mar-23 |
| India | Reverse Repo Rate | 3.35 | 10-Feb-23 | No change | N/A |
| 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 | 8.50 | 23-Feb-23 | Cut 50bps | 23-Mar-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 | 29-Mar-23 |
| 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 | 11.00 | 09-Feb-23 | Raised 50bps | 30-Mar-23 |
| Brazil | Selic Rate | 13.75 | 01-Feb-23 | No change | 22-Mar-23 |
| Armenia | Refi Rate | 10.75 | 21-Jan-23 | No change | 14-Mar-23 |
| Romania | Policy Rate | 7.00 | 09-Feb-23 | No change | 04-Apr-23 |
| Bulgaria | Base Interest | 1.42 | 27-Feb-23 | Raised 12bps | 27-Mar-23 |
| Kazakhstan | Repo Rate | 16.75 | 24-Feb-23 | No change | 07-Apr-23 |
| Ukraine | Discount Rate | 25.00 | 26-Jan-23 | No change | 26-Mar-23 |
| Russia | Refi Rate | 7.50 | 10-Feb-23 | No change | 17-Mar-23 |

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