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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Insurers' losses up 13% to $112bn in 2021

Global reinsurer Swiss Re estimated the preliminary global economic losses from natural catastrophes and man-made disasters at $259bn in 2021, constituting an increase of 20% from $216bn in 2020, and compared to annual average losses of $229bn in the past 10 years. It added that the losses are the fourth highest since 1970. Economic losses include insured and uninsured losses from catastrophes. Losses from natural catastrophes reached $250bn in 2021, up by 24% from $202bn in 2020, while losses from man-made disasters stood at $9bn last year and declined by 38% from $14bn in 2020. In addition, losses from natural catastrophes represented 96.5% of overall losses in 2021, while those from man-made disasters accounted for 3.5% of the total. In parallel, the losses of insurers from natural catastrophes and man-made disasters reached $112bn in 2021, up by 13% from $99bn in 2020, and compared to annual average losses of $86bn in the past 10 years. The losses of insurers from natural catastrophes stood at $105bn in 2021 and increased by 17% from 2020, while their losses from man-made disasters reached $7bn last year and dropped by 24% from $10bn in 2020. The losses of insurers from natural catastrophes accounted for 93.8% of total insured losses in 2021, while those from man-made disasters represented 6.2% of the total.
Source: Swiss Re

Ecommerce retail sales to reach $4.9 trillion in 2022

Figures released by research firm Insider Intelligence indicate that global retail electronic commerce sales amounted to $4.9 trillion (tn) in 2021, constituting an increase of 16.3% from $4.2tn in 2020. It projected retail ecommerce sales to increase by 12.2% to $5.54tn in 2022, to grow by 11% to $6.15tn in 2023, to rise by 10% to $6.77tn in 2024, and to expand by 9.2% to $7.4bn in 2025. As such, it anticipated retail ecommerce sales to account for 20.3% of global retail sales in 2022, and for this share to grow to 21.5% in 2023, to 22.5% in 2024, and to 23.6% in 2025. Regionally, it forecast retail ecommerce sales in Asia-Pacific to reach $3.32tn in 2022 and to account for 58.3% of global retail ecommerce sales, followed by North America with $1.14tn (20.7%), Western Europe with $694.6bn (12.5%), Latin America with $167.8bn (3%), Central & Eastern Europe with $141.9bn (2.6%), Southeast Asia with $89.7bn (1.6%), and the Middle East & Africa $69.4bn (1.3%). In parallel, it noted that global retail mobile commerce sales that involve the usage of wireless handheld devices to conduct commercial transactions online, reached $3.2tn in 2021, up by 17.7% from $2.72tn in 2020. It expected global retail mobile commerce sales to rise by 13.7% to $3.64tn in 2022, and to increase by 12.3% to $4.1tn in 2023, to grow by 11% to $4.54tn in 2024, and to expand by 10% to $5tn in 2025. As such, it anticipated retail mobile commerce sales to account for 65.7% of global ecommerce sales in 2022, and to grow to 66.5% in 2023, to 67.1% in 2024, and to 67.6% in 2025. It projected retail mobile commerce sales in Asia-Pacific region to reach $2.66tn in 2022, followed by North America with $45.1bn, Western Europe with $325.1bn, Latin America with $99.7bn, Southeast Asia with $57.9bn, Central & Eastern Europe with $57.2bn, and the Middle East & Africa with $46.1bn.
Source: Insider Intelligence, Byblos Research

EMERGING MARKETS

Trading in Credit Default Swaps down 8% to $1.38 trillion in 2021

Trading in emerging markets Credit Default Swaps (CDS) reached $1.38 trillion (tn) in 2021, constituting a decrease of 8% from $1.5tn in 2020. CDS trading reached $431bn in the first quarter, $253bn in the second quarter, $349bn in the third quarter, and $347bn in the fourth quarter of 2021. Further, CDS trading levels in the fourth quarter of 2021 declined by 0.6% from the preceding quarter and increased by 17% from $297bn in the fourth quarter of 2020. The most frequently traded sovereign CDS contracts in the fourth quarter of 2021 were those of Turkey at $30bn, followed by China at $27bn, and Brazil at $25bn. As such, traded sovereign CDS contracts on Turkey accounted for about 8.6% of trading volume in emerging markets CDS in the fourth quarter of 2021, followed by CDS contracts on China (7.8%), and Brazil (7.2%). Also, the most frequently traded corporate CDS contracts in the covered quarter were those of Mexico's state-oil company Pemex at about $1.6bn which accounted for about 4.6% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 21 emerging economies and nine emerging market corporate issuers, as well as from 12 major international banks and broker-dealers.
Source: EMTA

MENA

Vast disparities in region's prosperity levels

The Legatum Institute ranked the UAE in 41st place among 167 countries globally and in first place among 19 Arab economies on its Prosperity Index for 2021. Qatar followed in 46th place, then Bahrain (56th), Kuwait (58th), and Oman (67th) as the five most prosperous Arab countries; while Mauritania (153rd), Libya (154th), Syria (158th), Sudan (159th), and Yemen (165th) were the least prosperous Arab economies. The institute assesses the prosperity of citizens based on their material wealth and social well-being, while the data covers through 300 indicators grouped in 12 sub-indices. The Arab region's average score stood at 51.4 points in the 2021 index relative to 51.54 points in the previous survey, and came lower than the global average score of 57.71 points. The average score of Gulf Cooperation Council (GCC) countries was 62.4 points, while the average of non-GCC Arab countries stood at 46.3 points. The rankings of five Arab countries improved from the previous survey and those of nine economies deteriorated from 2020, while the rankings of five countries were unchanged year-on-year. In parallel, the scores of seven countries improved year-on-year, while those of 12 economies regressed from the 2020 survey. Further, the UAE came in first place on the Investment Environment, Governance, Education, Health and Market Access & Infrastructure sub-indices. Also, Qatar ranked in first place among Arab countries on the Economic Quality, the Safety & Security, and Enterprise Conditions sub-indices. Further, Bahrain came first on the Social Capital and the Living Conditions sub-indices, Tunisia ranked in first place regionally on the Personal Freedom sub-index, and Lebanon came first on the Natural Environment sub-index.
Source: Legatum Institute, Byblos Research

OUTLOOK

WORLD

Ukraine conflict to raise economic, financial and security risks

Moody's Investors Service considered that Russia's invasion of Ukraine, and the escalating international response through government sanctions and the suspension of the business activities of regional and global companies in Russia, are creating new economic and financial risks around the world. It said that these geopolitical developments constitute risks to the credit landscape, and are exacerbating existing global inflationary pressures and supply chain disruptions, which would tilt global growth trends to the downside. It anticipated shocks to global commodity prices, financial disruption and market volatility, as well as security challenges, to be the main transmission channels of geopolitical and macroeconomic risks.

First, it expected global energy prices to remain elevated in 2022, which would exacerbate already high inflation rates globally, erode consumer purchasing power, and weigh on global economic activity. It anticipated oil-importing economies to face a terms-of-trade shock and pressures on their external balances, while it expected the negative impact from higher gas prices and supply risks to be more pronounced in European countries. Further, it said that Russia and Ukraine are large producers of nickel, palladium and neon, which it anticipated would be in short supply for some time. As a result, it expected the prices of these metals to increase and to add to supply chain disruptions in automobile manufacturing, semiconductors and other sectors.

Second, it anticipated that the combination of geopolitical uncertainties, higher commodity prices, escalating sanctions on Russia and business disruptions, to translate into financial market volatility. It anticipated that a significant and protracted period of tight global liquidity would weaken funding conditions for emerging markets that rely on global capital flows, some of which are already experiencing constrained access to financing.

Source: Moody's Investors Service

ANGOLA

Higher energy prices to support fiscal and external balances

Bank of America (BofA) expected Angola's fiscal and external balances to improve in 2022, as it anticipated global oil prices to average $110 per barrel (p/b) this year and to result in higher oil export receipts for the country. It projected the country's net exports to increase by the equivalent of 15% of GDP in case of stable oil production. As such, it projected the current account surplus to rise from 7.3% of GDP in 2021 to 20% of GDP in 2022. It considered that Angola is the Sub-Saharan African economy that will benefit the most from the rise in global oil prices and from higher oil export receipts, especially that the country's imports have been on a structural decline since 2016 amid the rise in domestic production of liquefied natural gas and that nominal GDP has been shrinking over the past five years. Also, it forecast the current account surplus to reach 11% of GDP if oil prices average $95 p/b this year and to rise to 26% of GDP in case oil prices average $120 p/b.

In parallel, it noted that 50% to 60% of Angola's public revenues originate from the oil sector, and estimated that the budget's fiscal breakeven oil price has averaged about $70 p/b since 2018 relative to $100 p/b in the 2012-14 period. It attributed the lower fiscal breakeven oil price to the authorities' fiscal adjustment efforts that have helped ease pressure on public finances. As a result, it projected the fiscal surplus to increase from 3.2% of GDP in 2021 to 4.6% of GDP this year if oil prices average $95 p/b, to reach 7.3% of GDP in case global oil prices average $110 p/b, and to rise to 8.8% of GDP if oil prices average $120 p/b in 2022.

Further, BofA expected Angolan authorities to re-engage with the International Monetary Fund on some sort of funded or policy coordination agreement following the upcoming general elections in August 2022.

Source: Bank of America

ARMENIA

Growth to decelerate to 1.5% in 2022 on impact of war in Ukraine

The International Monetary Fund indicated that Armenia's economy has continued to recover from the fallout of the COVID-19 outbreak, and is showing signs of a strong recovery in early 2022. However, it considered that the outlook is subject to significant uncertainties about the magnitude of the spillovers from Russia's invasion of Ukraine. As such, it expected real GDP growth to decelerate from 5.7% in 2021 to 1.5% in 2022, which is a much slower pace than previously expected. It stressed that the authorities' policy priorities should be to preserve macro-fiscal and financial stability, to mitigate the impact of the ongoing external shock, and to step up reforms efforts to support a stronger and more inclusive growth.

In parallel, it indicated that the authorities' accommodative fiscal policy has mitigated the impact of the shocks on the economy in the last two years, but that the authorities remain committed to the broader objective of debt sustainability, while tax policy and administration reforms continue to broaden the tax base. It called on authorities to cautiously use the expenditures reserve fund and to limit non-priority public spending, in order to contain the effects of the conflict on the budget deficit and the public debt level. It also stressed the need for temporary and targeted public assistance to vulnerable households and viable firms. In addition, it anticipated that the wide-ranging sanctions on Russia, higher global oil and food prices, lower remittance inflows, and increased global financial market volatility will widen the country's current account deficit and lead to a pick-up in the inflation rates. In this context, it encouraged authorities to allow the exchange rate to function as a key shock absorber and to adjust monetary policy to contain any second-round effects of higher imported inflation and supply-side disruptions.

Further, the IMF called on authorities to step up their strong policy and reform efforts by improving the medium-term fiscal framework and placing government debt on a declining path in line with fiscal rules, to reduce the inflation rate towards the target of 4%, and to safeguard financial stability.

Source: International Monetary Fund

GCC

Insurers to face several challenges in 2022

S&P Global Ratings considered that intensifying competition, increasing asset risk, and costly regulations constitute the major risks that could affect the earnings of insurance companies in the economies of the Gulf Cooperation Council (GCC) in 2022. Further, it indicated that GCC insurance markets may benefit from higher returns on their cash and fixed deposits in 2022, in line with the expected increase in global and local interest rates. However, it said that an increase in market volatility could offset the rise in rates and negatively affect insurance companies that are significantly exposed to high-risk assets. It expected the ongoing strong competition in motor lines to put pressure on insurers' earnings in 2022, driven by a decline in motor insurance premiums and an increase in claims. Also, it pointed out that new regulations that require an increase of the insurers' minimum capital, and the consolidation of a number of insurance companies, mainly in Kuwait and Saudi Arabia, will increase pressure on insurers. It added that the costly implementation of International Financial Reporting Standards IFRS 17 and IFRS 9 will weigh on the profitability of insurance companies in the GCC. In addition, it noted that most rated GCC insurers have robust capital positions and profitability. It considered that the region's ongoing economic recovery from the COVID-19 pandemic, higher oil prices and government spending, and increasing activity in the non-oil sector, will boost insurers' growth prospects in the near term. Also, it expected GCC insurers to benefit from the ongoing infrastructure spending, new mandatory coverage, and potentially higher insurance demand in the near term.

Source: S&P Global Ratings

JORDAN

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Jordan's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B+', respectively, with a 'stable' outlook on the long term ratings. It indicated that the ratings are supported by potential international assistance in case of need, as well as by financial and technical support from the International Monetary Fund as part of the Extended Fund Facility program. However, it said that the ratings are constrained by the country's weak balance of payments, by its elevated public and external debt levels, low GDP per capita and economic growth rates, significant presence of refugees, as well as by the pegged exchange rate regime that limits the economy's ability to adjust to shocks. Further, it noted that Jordan is partially insulated from the immediate effects of the sharp rise in global energy and food prices, given its long-term energy import contracts and its sizable wheat reserves. In parallel, the agency noted that the 'stable' outlook balances its expectations that donor funding will continue to support the government's financing needs and to maintain low debt-servicing costs, against the risk of a weaker-than-anticipated fiscal performance in the next 12 months. Moreover, S&P said that it may downgrade the ratings in case of a higher-than-expected transmission of global food and energy prices to the domestic economy, or if domestic spending pressures increase, which would weaken the government's ability to stabilize public finances; and/or or if the government's funding sources become scarce.

Source: S&P Global Ratings

EGYPT

Capital markets disruptions to raise liquidity and external risks

Moody's Investors Service indicated that Egypt's liquidity and external risks could increase due to disruptions to global capital markets following Russia's invasion of Ukraine. It also expected the Egyptian pound to severely depreciate in the near term, given the increasing risk of renewed capital outflows with the start of monetary tightening by the U.S. Federal Reserve, along with adverse investor sentiment as a result of the war on Ukraine. It noted that Egypt's dependence on wheat imports from Ukraine and Russia puts pressure on its balance of payments. It added that the global increase in commodity prices amid supply disruptions point to an increase to the country's import bill, but anticipated higher oil export receipts to mitigate the increase. As such, it projected Egypt's current account deficit to slightly narrow from 4.6% of GDP in the fiscal year that ended in June 2021 to 4.4% of GDP in FY2021/22. Further, it noted that Egypt issued $3bn in Eurobonds in September 2021, which will alleviate the government's liquidity risks and will largely cover the debt service payments in FY2021/22 of around $3.5bn. Also, it expected the inflation rate to increase to around 10% at the end of FY2021/22, which points to a possible rise in the policy rate and anticipated higher domestic interest rates to weigh on the debt's affordability. It indicated that higher debt servicing costs would crowd out other spending and would increase the risk of fiscal policy slippage if the government decides to subsidize wheat and oil. It said that a setback in fiscal consolidation would, in turn, delay the reduction in the debt level that reached 90% of GDP at the end of FY2020/21. In parallel, it considered that Egypt's fundamental credit strengths, which include solid growth prospects, foreign exchange reserves in excess of external debt service requirements, and a high domestic funding base, could limit risks from financial market disruptions.

Source: Moody's Investors Service

NIGERIA

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Nigeria's short- and long-term local and foreign currency Issuer Default Rating at 'B', or five notches below investment grade, with a 'stable' outlook on the long-term rating. Also, it affirmed Nigeria's Country Ceiling at 'B'. It expected that higher global oil prices will improve the country's external liquidity and support near-term economic growth prospects. However, it considered that the economy's high reliance on the hydrocarbon sector leaves Nigeria vulnerable to negative oil price shocks, while structurally low domestic revenue mobilization and sustained fuel subsidies continue to limit the benefit of higher oil prices on Nigeria's public finances. The agency considered that it could upgrade the ratings in case of a durable recovery in foreign currency reserves or sustained current account surpluses, if a stronger mobilization of domestic non-oil revenues leads to lower public debt levels and debt-servicing costs, and/or in case of stronger economic growth and a moderation in the inflation rates. It added that it could downgrade the ratings if downward pressure on foreign currency reserves persists, in case of a sustained period of low oil prices, and/or if authorities do not address the weaknesses in the fiscal policy framework, such as fuel price subsidies or the continued large financing from the Central Bank of Nigeria.

Source: Fitch Ratings

BANKING

SAUDI ARABIA

Agency affirms ratings on four banks

Fitch Ratings affirmed the long-term local and foreign currency Issuer Default Ratings (IDRs) of Al Rajhi Banking and Investment Corporation (ARB) and the Saudi National Bank (SNB) at 'A-', and the ratings of Riyad Bank and the Saudi British Bank (SABB) at 'BBB+', with a 'stable' outlook on the foreign currency IDRs. Further, it affirmed the Viability Ratings (VRs) of ARB and SNB at 'a-' and the ratings of Riyad Bank and SABB at 'bbb+'. It said that the four banks' ratings benefit from a high probability of government support, in case of need. It noted that strong funding and liquidity profiles, as well as robust capital base underpin the rating of the four banks. In addition, it said that the ratings of ARB, SNB and Riyad Bank reflect their resilient profitability and good asset quality, while the VR of SABB is constrained by weaker asset quality and profitability metrics than peers. It added that the IDRs of ARB, Riyad Bank and SABB are underpinned by their standalone credit profile. Also, it indicated that the rating of ARB reflects its strong retail franchise in the Kingdom. It noted that SNB's rating balances the bank's dominant market position and high market shares in key segments, against minor pressure on its profitability. It said that high deposit concentrations from government entities is weighing on the rating of Riyad Bank. It noted that the rating of SABB reflects the bank's conservative risk profile due to good reporting and appropriate risk control tools.

Source: Fitch Ratings

MOROCCO

Favorable operating environment for banks in 2022

Regional investment bank EFG Hermes indicated that the aggregate net income of Moroccan banks increased by 32% in the first nine months of 2021 from the same period of the previous year, reflecting a recovery in Morocco's operating environment and a decrease in the cost of risk. As such, it projected the banks' earnings to rise by 15% annually in 2022 and 2023. It expected the banks' cost of risk to decline further in the coming years, after reaching a peak in 2020 due to high provisions. It forecast a slight decline in net interest margins in 2022 and 2023 on lending yield pressure, as banks will not continue to cut funding costs following the decline in costs in the 2020-2021 period. Also, it said that the banking sector's credit quality was broadly stable in 2021, as the banks' non-performing loans ratio stood at 8.4% at the end of the year, unchanged from the end of 2020. In parallel, it noted that lending reached MAD988.2bn, or the equivalent of $101bn, at the end of 2021, constituting an increase of 3% from MAD959bn ($98.1bn) at the end of 2020, mainly driven by government-backed loans in order to help the corporate sector during the pandemic. It forecast aggregate credit to grow by 5% in 2022 and 3% in 2023 due to the ongoing improvement in business activity, as well as to the planned increase in public spending in line with the 2022 budget, which should translate into a recovery in credit demand, mainly in the construction sector. In addition, it expected the authorities' implementation of a new transformational reform program to support medium-term credit growth.

Source: EFG Hermes

TURKEY

Ankara to implement AML/FT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that, since October 2021, Turkey has made a high-level political commitment to work with the FATF in order to strengthen the effectiveness of its AML/CFT regime. It noted that Turkey has made progress on a number of the Mutual Evaluation Report's (MER) recommended actions to improve its system since the adoption of the MER in October 2019. Further, it said that authorities will implement their action plan by giving more resources to the Financial Intelligence Unit (FIU) in order to supervise AML/CFT compliance by high-risk sectors and to increase inspections, as well as by applying sanctions for AML/CFT breaches. In addition, it pointed out that authorities will use financial intelligence to support ML investigations and to increase proactive disseminations by the FIU. Also, it expected the authorities to undertake more ML investigations and to set out clear responsibilities and measurable performance objectives and metrics for the staff responsible for recovering criminal assets and pursuing terrorism financing cases. Moreover, it said that the plan includes conducting more financial investigations in terrorism cases and supervising Designated Non-Financial Businesses and Professions. Also, it called on authorities to enhance international cooperation by improving mutual legal assistance and by implementing UN Security Council resolutions 1373 and 1267 about targeted financial sanctions related to terrorism and terrorism financing (TF). Further, the FATF urged authorities to implement a risk-based approach to supervise the activities of nonprofit organizations, in order to prevent abuse for TF purposes.

Source: Financial Action Task Force

RUSSIA

Banking sector's risk trend revised to 'negative' on increasing operating risks

S&P Global Ratings revised downward its Banking Industry Country Risk Assessment (BICRA) on Russia from 'Group 7' to 'Group 10', the country's industry risk score from '7' to '9', and its economic risk score from '7' to '10'. Also, it maintained the economic risk trend at 'stable', while it revised the industry risk trend from 'stable' to 'negative'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 10' include Lebanon, Nigeria, and Ukraine. The agency indicated that Russian banks are facing heightened operating risks due to the cumulative effects of severe sanctions in response to the country's invasion of Ukraine. It pointed out that Russia's weak macroeconomic conditions, driven by a sharp rise in interest rates, lower disposable incomes and job losses from the closure of businesses, will constrain borrowers' repayment capacity. As such, it expected the Russian banking system to enter a prolonged correction phase with substantially higher credit losses and structurally elevated credit risks in the medium term. Further, it noted that access to external funding could become very scarce due to the economic sanctions. Also, it expected Russia's financial instability to be long-lasting as a result of the war in Ukraine.

Source: S&P Global Ratings

Oil prices to average $97 p/b in second quarter of 2022

ICE Brent crude oil front-month prices reached $98 per barrel (p/b) on March 16, 2022, constituting a decrease of 23.4% from a recent high of $128 p/b on March 8, 2022. The significant drop in oil prices is due to expectations that the ongoing talks between Ukraine and Russia would lead to the de-escalation of the war, as well as to concerns about a potential slowdown in Chinese demand following new lockdown measures after a surge in COVID-19 cases in the country. Also, the increase in U.S. inventories by 4.3 million barrels last week, after two consecutive weeks of declines, drove the decrease in oil prices. Further, the International Energy Agency indicated that surging commodity prices and international sanctions levied against Russia following its invasion of Ukraine are expected to depress global economic growth. As a result, it revised downward its forecast for world oil demand by 1.3 million barrels per day (b/d) for the remainder of the year, and projected total demand at 99.7 million b/d in 2022. It added that prospects of large-scale disruptions to Russian oil production would create a global oil supply shock, which could be the biggest oil supply crisis in decades, as Russia is the third largest oil producer and the largest oil exporter in the world. It considered that only Saudi Arabia and the UAE hold substantial spare capacity for oil production that could help offset the Russian shortfall. In parallel, KAMCO considered that talks about multiple increases in U.S. interest rates could have an impact on global economic growth, which could affect oil demand in the near term. In addition, Refinitiv projected, through its latest crude oil price poll of 35 industry analysts, oil prices to average $97.1 p/b in the second quarter, and $91.2 p/b in the third quarter of 2022.
Source: IEA, KAMCO, Refinitiv, Byblos Research

OPEC's oil basket price up 10% in February 2022

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $94.22 per barrel (p/b) in February 2022, representing an increase of 10.3% from $85.41 p/b in January 2022. Angola’s Girassol price was at $100.78 p/b, followed by Algeria's Sahara blend at $100.71 p/b, and Equatorial Guinea's Zafiro at $99.51 p/b. All prices in the OPEC basket posted monthly increases of between $7.44 p/b and $12.5 p/b in February 2022.
Source: OPEC

Angola's oil export receipts down 61% to $791m in February 2022

Oil exports from Angola reached 31.8 million barrels in February 2022, constituting a decrease of 5.73 million barrels (-15.3%) from January 2022 and a decrease of 2.86 million barrels (-8.3%) from the same month in 2021. The country's oil export receipts totaled KZ412.33bn, or $791.1m, in February 2022 and dropped by 61.4% from KZ1,068bn ($1.96bn) in January 2022. They rose by 24.5% from KZ331.2bn ($508.8m) in February 2021.
Source: Ministry of Finance of Angola

OPEC oil output up 2% in February 2022

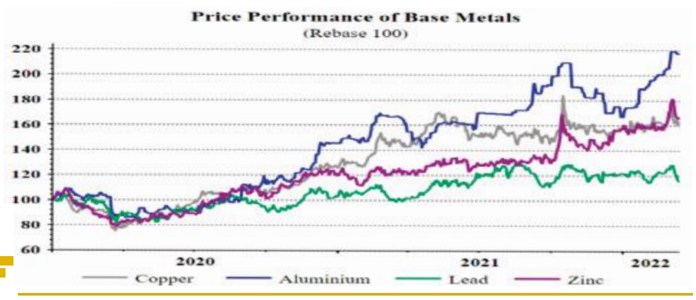
The members of the Organization of Petroleum Exporting Countries, based on secondary sources, produced 28.47 million barrels of oil per day (b/d) on average in February 2022 and increased by 1.6% from 28 million b/d in January 2022. Saudi Arabia produced 10.2 million b/d, or 35.8% of OPEC's total output, followed by Iraq with 4.3 million b/d (15%), the UAE with 2.95 million b/d (10.4%), Kuwait with 2.6 million b/d (9.2%), and Iran with 2.5 million b/d (8.9%).
Source: OPEC

Base Metals: Zinc prices to average $3,790 per ton in second quarter of 2022

The LME cash prices of zinc averaged $3,675.5 per ton in the year-to-March 16, 2022 period, constituting a surge of 34.3% from an average of $2,737 a ton in the same period of 2021, driven by speculations that major smelters in China are reducing output due to power shortages. Further, prices reached an all-time high of $4,113 per ton on March 8 of this year, as a result of Russian's military invasion of Ukraine. In parallel, the latest figures released by the International Lead and Zinc Study Group (ILZSG) show that global demand for refined zinc was 14 million tons in 2021, and increased by 5.8% from 13.27 million tons in 2020, due to the increase in demand for the metal from Brazil, Europe, India, Japan, South Korea, Taiwan, Thailand, Turkey and the United States. In addition, global zinc mine production grew by 4.5% to 12.8 million tons in 2021, due to significant increases in mining activity in Bolivia and Peru. Also, higher output in China, India, Mexico, South Africa, Russia and Turkey was partially offset by lower production in Brazil, Ireland, Namibia, Poland and the United States. In addition, mine output accounted for 92.6% of global refined zinc production in 2021. In parallel, Standard Chartered Bank projected zinc prices to average $3,790 per ton in the second quarter, $3,680 per ton in the third quarter, and $3,600 a ton in the fourth quarter of 2022.
Source: ILZSG, Standard Chartered Bank, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,100 per ounce in second quarter of 2022

Gold prices averaged $1,864.8 per troy ounce in the year-to-March 16, 2022 period, constituting an increase of 3% from an average of $1,811.5 an ounce in the same period of 2021. The increase is attributed to accelerating inflation rates globally, which led to higher investment demand for gold, given that investing in the metal is considered to be a hedge against inflation. Also, Russia's military invasion of Ukraine, which reinforced the appeal of the metal as a safe haven amid the escalation of geopolitical tensions, drove the increase in the metal's price. Further, prices decreased from an all-time high of $2,056.1 per ounce on March 8 of this year to $1,910 per ounce on March 16, 2022 due to a stronger US dollar and high U.S. bond yields. In parallel, ABN AMRO anticipated higher inflation rates expectations and lower real yields in the U.S. to support gold prices in the near term. Also, it expected that investors would prefer to buy physical gold instead of investing in non-physical gold, if the U.S. Federal Reserve continues to increase its policy rate in 2022. In addition, Standard Chartered Bank said that ETF inflows have already reached 93 tons in the first two weeks of March 2022, their highest level since June 2020, amid rising geopolitical risks. It forecast gold prices to average $1,900 per ounce in the first quarter, $2,100 an ounce in the second quarter, $1,975 per ounce in the third quarter, and $1,875 an ounce in the fourth quarter of 2022.
Source: ABN AMRO, Standard Chartered Bank, Refinitiv, Byblos Research



COUNTRY RISK METRICS

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

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	IHS								
Asia													
Armenia	B+ Positive	Ba3 Stable	B+ Stable	B+ Positive	B- Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ 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	- -	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	- -	BBB- Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B- Stable	B3 Stable	B- Stable	- -	CCC Stable	-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	- -	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	- -	BBB- Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN***	Ca Negative	C -	- -	BBB- Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+ Negative	B2 Negative	B+ Negative	B+ Stable	B- Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B- CWN	B3 RfD	CCC -	- -	B- Stable	-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, IHS Markit, 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	0.50	16-Mar-22	Raised 25bps	N/A
Eurozone	Refi Rate	0.00	10-Feb-22	No change	14-Apr-22
UK	Bank Rate	0.75	17-Mar-22	Raised 25bps	N/A
Japan	O/N Call Rate	-0.10	18-Jan-22	No change	18-Mar-22
Australia	Cash Rate	0.10	01-Mar-22	No change	N/A
New Zealand	Cash Rate	1.00	23-Feb-22	Raised 25bps	03-May-22
Switzerland	SNB Policy Rate	-0.75	16-Dec-21	No change	24-Mar-22
Canada	Overnight rate	0.25	02-Mar-22	Raised 25bps	13-Apr-22
Emerging Markets					
China	One-year Loan Prime Rate	3.70	21-Feb-22	No change	21-Mar-22
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.375	17-Mar-22	Raised 25bps	16-June-22
South Korea	Base Rate	1.25	24-Feb-22	No change	14-Apr-22
Malaysia	O/N Policy Rate	1.75	03-Mar-22	No change	11-Apr-22
Thailand	1D Repo	0.50	09-Feb-22	No change	30-Mar-22
India	Reverse repo Rate	3.35	09-Feb-22	No change	N/A
UAE	Repo Rate	1.50	16-Mar-20	No change	N/A
Saudi Arabia	Repo Rate	1.00	16-Mar-20	Cut 75bps	N/A
Egypt	Overnight Deposit	8.25	03-Feb-22	No change	24-Mar-22
Jordan	CBJ Main Rate	2.50	01-Sep-21	Cut 100bps	N/A
Turkey	Repo Rate	14.00	17-Mar-22	No change	17-Apr-22
South Africa	Repo Rate	4.00	27-Jan-22	Raised 25bps	24-Mar-22
Kenya	Central Bank Rate	7.00	26-Jan-22	No change	29-Mar-22
Nigeria	Monetary Policy Rate	11.50	25-Jan-22	No change	22-Mar-22
Ghana	Prime Rate	14.50	31-Jan-22	No change	28-Mar-22
Angola	Base Rate	20.00	28-Jan-22	No change	28-Mar-22
Mexico	Target Rate	6.00	10-Feb-22	Raised 50bps	24-Mar-22
Brazil	Selic Rate	11.75	16-Mar-22	Raised 100bps	N/A
Armenia	Refi Rate	9.25	15-Mar-22	Raised 125bps	03-May-22
Romania	Policy Rate	2.50	09-Feb-22	Raised 50bps	05-Apr-22
Bulgaria	Base Interest	0.00	25-Feb-22	No change	25-Mar-22
Kazakhstan	Repo Rate	9.75	09-Mar-22	No change	25-Apr-22
Ukraine	Discount Rate	10.00	03-Mar-22	Raised 100bps	14-Apr-22
Russia	Refi Rate	20.00	28-Feb-22	Raised 1,050bps	18-Mar-22

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