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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Downgrade ratio at 70% in first week of March 2022

S&P Global Ratings indicated that it took 341 rating actions in the year-to-March 6, 2022 period, compared to 305 rating actions in the same period of 2021. It pointed out that it revised 102 times the outlook on ratings to 'positive', which accounted for 30% of its total rating actions in the covered period, followed by 83 rating upgrades (24.3%), 57 rating downgrades (16.7%), 36 placements on CreditWatch negative (10.6%), 30 outlook revisions to 'negative' (8.8%), 17 placements on CreditWatch positive (5%), 15 downgrades plus placements on CreditWatch negative (4.4%), and one upgrade plus placement on CreditWatch positive (0.3%). However, it noted that it implemented 14 downgrades relative to six upgrades in the first week of March, as it attributed the increase in negative rating actions to the Russian invasion of Ukraine. As a result, the percentage of upgrades out of total rating actions declined, while the percentages of downgrades and negative outlook/CreditWatch revisions increased following the start of the invasion. In parallel, it said that it took 30 positive rating actions on energy firms in the year-to-March 6 period, followed by 19 similar actions on media and entertainment companies, and 16 positive rating actions on consumer products firms. In contrast, it took 17 negative rating actions on banks in the covered period, followed by 13 similar actions on utilities companies, and 11 negative rating decisions on each of on each of healthcare, non-bank financial institutions and real estate companies. Also, it noted that the global downgrade ratio, which is the proportion of downgrades to total rating actions, stood at 70% in the first week of March 2022 compared to 42.2% at the end of February 2022 and to 38.6% at the end of 2021.

Source: S&P Global Ratings

Nearly 63% of world population used Internet in 12 months ending January 2022

Figures released by social media management platform Hootsuite indicate that 4.95 billion persons, or 62.5% of the global population, used the Internet in the 12 months ending in January 2022, constituting an increase of 192 million individuals, or of 4%, from 4.76 billion Internet users in the 12 months ending in January 2021. In parallel, it pointed out that 3.78 billion individuals purchased consumer goods using the Internet in the 12 months ending in January 2022 compared to 3.44 billion people who bought similar goods in the 12 months ending in January 2021. It added that Internet users spent $3.85 trillion (tn) on online consumer goods purchases in the covered period, up by 18% from $3.26tn in the same period ending in January 2021. It said that people spent $988.4bn on electronics in the 12 months ending in January 2022, or 25.7% of consumer goods, followed by fashion brands with $904.5bn (23.5%), furniture products with $436.8bn (11.4%), toys, hobby & do-it-yourself products with $392.9bn (10.2%), personal & household care goods with $381.5bn (10%), foodstuffs with $376.6bn (9.8%), beverages with $211.5bn (5.5%), and physical media products with $155bn (4%).

Source: Hootsuite

EMERGING MARKETS

Fixed income trading up 1.4% to $5.1 trillion in 2021

Trading in emerging markets debt instruments reached $5,137bn in 2021, constituting an increase of 1.4% from $5,067bn in 2020. Debt trading volumes totaled $1,372bn in the first quarter, $1,354bn in the second quarter of the year, $1,248bn in the third quarter, and $1,150bn in the fourth quarter of 2021. Fixed income trading declined by 8% in the first quarter of 2021 from the same quarter of 2020, while it grew by 3.3% in the second quarter, 10.2% in the third quarter, and 2% in the fourth quarter of 2021 from the same quarters of the previous year. Turnover in local-currency instruments reached $3,073bn in 2021, up by 2% from $3,016bn in 2020, and accounted for 60% of the total debt trading volume in emerging markets. In parallel, trading in Eurobonds stood at $2,045bn in 2021, up by 1% from $2,034bn in 2020. The volume of traded sovereign Eurobonds reached $1,229bn and accounted for 60% of aggregate Eurobonds traded in 2021, relative to $1,278bn and a share of 63% of traded Eurobonds in 2020. Also, the volume of traded corporate Eurobonds reached $800bn, or 39% of traded Eurobonds. In addition, turnover in warrants and options amounted to $4bn, while loan assignments stood at $15bn in 2021. The most frequently-traded instruments in 2021 were Mexican fixed income assets with a turnover of $835bn, or 16% of the total, followed by securities from Brazil with $649bn (13%), and instruments from China with $566bn (11%). Other frequently-traded instruments consisted of fixed income securities from South Africa at $225bn (4.4%) and from India at $221bn (4.3%).

Source: EMTA

EGYPT

Venture capital funding up 168% to $491m in 2021

Figures released by online platform Magnitt show that venture capital (VC) funding in Egypt reached a record high of $491m in 2021, constituting a jump of 168.3% from $183m in 2020. VC investments in Egypt totaled $135m in 2019, $85m in 2018, and $22m in 2017. Further, there were 147 VC deals in 2021, representing an increase of 25.6% from 117 investments in 2020, and relative to 136 deals in 2019, 112 transactions in 2018, and 55 deals in 2017. In parallel, VC investments in transports and logistics companies amounted to $177m and accounted for 36% of aggregate VC investments in Egypt in 2021, followed by electronic commerce (e-commerce) firms with $96m (19.6%), fintech companies with $60m (12.2%), retail firms with $42m (8.6%), and companies in the food & beverage sector with $38m (7.7%). Also, there were 25 investments in the fintech sector, or 17% of the aggregate number of deals in 2021, followed by 23 deals in e-commerce firms (15.6%), 15 transactions in transport and logistics companies (10.2%), 12 investments in the healthcare sector (8.2%), and 11 deals in food and beverage companies (7.5%).

Source: Magnitt, Byblos Research

WORLD

Global economic activity to decelerate to 2.6% in 2022

The United Nations Conference on Trade & Development (UNCTAD) anticipated global growth prospects for 2022 to be weaker than in 2021 due mainly to the Russian invasion of Ukraine. It expected persistent disruptions to supply chains to continue to dampen economic activity, while it anticipated tighter monetary policy in developed economies to weaken demand and for rising global commodity prices to erode real incomes and weigh on investor confidence worldwide. As such, it projected global real GDP to grow by 2.6% in 2022, constituting a downward revision of one percentage point from a previous forecast of an expansion of 3.6%, and relative to a growth rate of 5.6% in 2021. It noted that its forecasts take into account the war in Ukraine and the tightening of monetary policy in developed economies. It also said that the downward revision reflects about $1 trillion in output losses, and assumes that the sanctions on Russia and the supply chain disruptions will last throughout 2022, even if the war ends.

In parallel, it forecast economic activity in developed countries to decelerate to 1.8% in 2022 relative to its previous forecast of 2.9%, while it projected real GDP growth in developing economies to slow down to 3.7% in 2022 compared to an earlier growth forecast of 4.7%. It expected growth prospects to deteriorate even further in developing countries that are facing significant imbalances due to elevated debt burdens, supply shocks, as well as to the volatility in their terms-of-trade and exchange rates. In addition, it considered that policy space in developing economies is narrow due to balance of payments constraints, and noted that monetary tightening in developed countries and the withdrawal of fiscal and monetary support are further limiting authorities' margin of maneuver.

Source: UNCTAD

MENA

Russia's invasion of Ukraine to weigh on growth and current account balances of oil importers

The Institute of International Finance (IIF) expected that higher global oil and food prices resulting from Russia's invasion of Ukraine will weigh on economic activity in the oil-importing countries of the Middle East & North Africa (MENA) region. It anticipated that the surging global fuel and food prices will limit private consumption in the region's oil importers given the elevated share of fuel and wheat imports in their total imports, and will weigh on their exports of goods and services due to their significant reliance on tourism receipts. It forecast real GDP growth at 4.4% in Egypt, 2.3% in Sudan, 2.2% in Jordan, 2.1% in Lebanon, 1.5% in Tunisia, and 0.6% in Morocco in 2022. It attributed its growth forecasts to expectations of weaker external demand from main trading partners, to higher inflation rates that will curb private consumption, as well as to reduced private-sector confidence and elevated investor uncertainty that will weigh on asset prices and lead to capital outflows from oil-importing countries in the region.

In parallel, it anticipated higher oil and wheat prices to raise the import bills of the MENA's oil-importing economies and, as a result, to widen the latter's current account deficits in 2022. As such, it projected the current account deficit in Lebanon to widen by eight percentage points (ppts) of GDP, and for the deficit to worsen by 3.2 ppts of GDP in Morocco, by three ppts of GDP in Tunisia, by 2.9 ppts of GDP in Jordan, by 1.4 ppts of GDP in Sudan, and by 0.8 ppts of GDP in Egypt this year. It considered that the magnitude of the impact of higher oil and wheat prices on the current account balances of the region's oil importing economies depends on the share of net oil and wheat imports of each country relative to its total imports.

Further, the IIF expected that stronger real GDP growth in the Gulf Cooperation Council countries from higher global oil prices could mitigate the downside risks on MENA oil-importing economies, mainly Egypt and Jordan, as these two countries' growth cycles are closely linked to economic activity in Saudi Arabia and the UAE. Also, it considered that the elevated government debt burden in the region's oil importers will limit the ability of authorities in these countries to pursue countercyclical fiscal policies.

Source: Institute of International Finance

NIGERIA

Higher energy prices to support external balance

Bank of America (BofA) expected Nigeria's current account balance to shift from a deficit to a surplus in 2022 for the first time in three years, as it anticipated global oil prices to average $110 per barrel (p/b) this year and in case oil productions remains at 2021 levels. As such, it projected the current account balance to shift from a deficit of 3.2% of GDP in 2021 to a surplus of 2.8% of GDP in 2022. It expected the Dangote refinery for crude oil to come on stream before the end of the year, which could reduce oil imports and reinforce the country's "new normal" of a current account surplus, in case of current levels of imports. Also, it forecast the current account surplus to reach 0.8% of GDP if oil prices average $95 p/b this year and to rise to 4.2% of GDP in case oil prices average $120 p/b.

In parallel, it anticipated Nigeria's fiscal balance to remain in deficit despite higher oil prices, as it estimated the country's fiscal breakeven oil price at about $150 per barrel (p/b). As a result, it projected the fiscal deficit to narrow from 6.1% of GDP in 2021 to 4.3% of GDP this year if oil prices average $95 p/b, to reach 3.8% of GDP in case global oil prices average $110 p/b, and to rise to 2.5% of GDP if oil prices average $120 p/b in 2022. Also, it noted that the Nigerian National Petroleum Corporation estimates the cost of fuel subsidies at about NGN 3 trillion, or 1% of GDP in 2022, in case oil prices average $90 p/b. As a result, it forecast the cost of subsidies to further rise to 1.5% of GDP if oil prices average between $100 p/b and $120 p/b this year.

Further, BofA indicated that the government's decision to delay the removal of fuel subsidies until the second half of 2023 has suspended the full implementation of the Petroleum Investment Act (PIA). It anticipated that delaying the PIA could impact the price of refined crude, in case the Dangote refinery comes on stream before the end of the year. Further, it did not expect authorities to address the prevailing fiscal and monetary policy issues until a new government is in place starting in May 2023.

Source: Bank of America

SAUDI ARABIA

Outlook on ratings revised to 'positive' on improved growth and fiscal prospects

S&P Global Ratings affirmed Saudi Arabia's short- and long-term local and foreign currency sovereign credit ratings at 'A-2' and 'A-', respectively, and revised the outlook from 'stable' to 'positive' on the long-term ratings. It attributed the outlook revision to its expectations that the Kingdom's growth prospects and fiscal dynamics will improve in the medium term as a result of the country's emergence from the COVID-19 pandemic, improved oil sector prospects, and the government's reforms program. It added that, since the onset of Russia's invasion of Ukraine in February 2022, demand for Saudi crude oil has been further supported by the aim of a desire by the European Union, Japan, the United Kingdom and the Unites States to swiftly secure alternative suppliers of oil as they attempt to sharply reduce hydrocarbon imports from Russia. In this context, it projected real GDP growth to accelerate from 3.3% in 2021 to 5.8% in 2022, and to average 2.7% in the 2023-25 period. Also, it forecast the fiscal balance to shift from a deficit of 0.8% of GDP in 2021 to a surplus of 3.3% in 2022, and for the surplus to average 0.6% of GDP in the 2022-25 period. It projected the current account surplus to increase from 5.3% of GDP in 2021 to 7.6% of GDP in 2022 on the back of rising oil export receipts, and to average 4.9% of GDP in the 2023-25 period. As such, it expected gross foreign currency reserves to rise to $510bn at end-2022 and to $599bn by end-2025. In parallel, the agency noted that it could upgrade the ratings over the next two years if Saudi Arabia sustains strong economic growth and authorities step up fiscal consolidation efforts.

Source: S&P Global Ratings

ETHIOPIA

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Ethiopia's short- and long-term local and foreign currency sovereign credit ratings at 'C' and 'CCC', respectively, and maintained the 'negative' outlook on the long-term ratings. It attributed the affirmation of the ratings mainly due to the relative easing of domestic tensions and the government's political willingness to initiate mediation talks with Tigrayan forces. Still, it anticipated that the country's economic, fiscal, and external situation will remain fragile until the conditions for a political resolution become more apparent. Also, it expected Ethiopia's external vulnerabilities to increase, as the country has lost its duty-free access to the U.S. market under the African Growth and Opportunity Act and is experiencing the fallout from the global surge in commodity prices. It forecast the country's gross external financing needs at 150.2% of current account receipts and usable reserves in 2022, as well as at 165.2% and 170.6% of such receipts and reserves in 2023 and 2024, respectively. In parallel, S&P said that it could downgrade the ratings in case of a reescalation of political tensions and weak multilateral and bilateral financial support that would further weigh on Ethiopia's external debt repayment capacity and foreign currency reserves, or if Ethiopia is unwilling or unable to service the interest payments on its commercial obligations, including the Eurobond payment due on June 11, 2022. It added that it would downgrade the ratings to 'Selective Default' if the government carries out a debt exchange with commercial creditors.

Source: S&P Global Ratings

TUNISIA

Sovereign ratings downgraded on rising fiscal and external liquidity risks

Fitch Ratings downgraded Tunisia's short- and long-term local and foreign currency issuer default rating from 'B' and 'B-' to 'C' and 'CCC', respectively. It also revised downward the Country Ceiling from 'B' to 'B-'. It attributed the rating action to heightened fiscal and external liquidity risks amid delays in reaching an agreement on a funded program with the International Monetary Fund (IMF). It added that entrenched social opposition and the ongoing friction with unions are limiting the government's ability to enact strong fiscal consolidation measures, which are complicating the authorities' efforts to secure a deal with the IMF. Also, it anticipated that, even under an IMF program, Tunisia could resort to the restructuring of its debt in order to maintain debt sustainability, in case of higher global commodity prices and the slow implementation of reforms. It projected the fiscal deficit at 8.5% of GDP in 2022 and forecast the public debt level to reach 84% of GDP at the end of 2022, while it anticipated the government's funding needs to be elevated due to the wide fiscal deficits and large debt maturities. Moreover, it expected a gradual erosion of foreign currency reserves and a depreciation of the Tunisian dinar if authorities fail to reach a deal with the IMF. In parallel, the agency indicated that it could downgrade the ratings in case the probability of a sovereign default increases. Also, it said that it would upgrade the ratings if authorities step up efforts to implement reforms that would lead to the narrowing of the fiscal deficit, which would increase confidence in Tunisia's ability to obtain a steady inflow of bilateral and multilateral creditor support.

Source: Fitch Ratings

ARMENIA

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed the short- and long-term local and foreign-currency Issuer Default Ratings of Armenia at 'B' and 'B+', respectively, and maintained the 'stable' outlook on the long-term ratings. It noted that the ratings are supported by a robust macroeconomic and fiscal policy framework, a credible commitment to reforms that are backed by the International Monetary Fund, sound per-capita income, as well as by strong governance and business environment indicators relative to peers. But it pointed out that the ratings are constrained by the high level of foreign currency-denominated public debt, weak external finances and geopolitical tensions. Further, it anticipated that Armenia will be adversely affected by the spillovers from Russia's invasion of Ukraine, given the important links between Armenia and Russia. It pointed out that Russia was the destination for 28% of Armenia's exports, as well as the source of 37% of Armenia's imports, and of 40% of tourism arrivals, FDI and remittance inflows in 2021. Still, it expected the immediate impact of significantly higher natural gas prices to be limited, given that, in December 2021, Armenia has locked in gas import prices from Russia for multiple years. In parallel, the agency said that it could downgrade the ratings in case of increased spillovers from the conflict in Ukraine or renewed hostilities in the disputed Nagorno-Karabakh province, if the country's external imbalances deteriorate, in case foreign currency reserves decline, if the interest burden on the external debt increases, and/or if the public debt level rises.

Source: Fitch Ratings

WORLD

More than 85% of central banks examining adoption of CBDCs

Moody's Investors Services indicated that the rise in digital assets, such as cryptocurrencies, and the growing demand from consumers for faster payment solutions, are putting pressure on central banks worldwide to offer an officially-backed digital solution. In this context, it said that projects about central bank digital currencies (CBDCs) are accelerating globally, as around 86% of the world's central banks are undertaking research to adopt CBDCs. It added that there are currently 15 CBDC pilot projects globally, as well as three retail CBDC issued by the central banks of the Bahamas, countries in the Eastern Central Caribbean, and Nigeria. Further, it said that the implementation of CBDCs in countries with low access to the banking system could expand financial inclusion and reduce the time and cost of cross-border remittance transfers, which would result in higher income for consumers. As such, it considered that a credible, widely accessible and reliable payment system through the use of CBDCs would support economic growth. In parallel, it noted that the adoption of CBDCs will depend on the credibility of the local authorities' monetary policy, and can support the effectiveness of fiscal policy by facilitating tax administration and policy implementation. In addition, it pointed out that CBDCs can have diverse credit implications for commercial banks, as they could affect the banks financial stability and increase their vulnerability to event risk. Also, it considered that CBDCs allow financial institutions to offer more efficient services.

Source: Moody's Investors Service

GCC

Saudi banks positioned to benefit the most from rise in interest rates

Goldman Sachs indicated that banks in Gulf Cooperation Council (GCC) countries will be one of the biggest beneficiaries of rising interest rates among baking sectors in emerging markets (EM), due to their access to a large non-interest-bearing deposit base and to the fact that their loan books carry mainly floating interest rates. It noted that Saudi banks are the best positioned among banks in the GCC to rising interest rates, given their high share of non-interest bearing deposits that account for 65% of their aggregate deposits, compared to an average of 45% for GCC banks and an average of 35% for banks in EMs of their total deposits. Further, it expected that a rise by 200 basis points (bps) in interbank rates in the GCC would lead to an increase of 27 bps in the net interest margins of Saudi banks in the 2021-2024 period, an expansion of 17 bps in the margins of UAE banks, a rise of 11 bps in those of Kuwaiti banks, and a widening of 2 bps in the net interest margins of Qatari banks. It said that margin trends can vary depending on the ability of banks to pass on the increase in rates to their clients, as well as on changes in funding rates. In parallel, it considered that GCC banks will benefit from elevated oil prices in two ways. First, it said that high hydrocarbon prices will support credit growth, as well as improve consumer and business confidence, which, in turn, will drive higher demand for loans. Second, it pointed out that gains from oil prices and stronger economic activity will improve the banks' asset quality, liquidity buffers and cost of funding.

Source: Goldman Sachs

JORDAN

Amman to continue implementation of AML/CFT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that in October 2021, Jordan made a high-level political commitment to work with the FATF and its regional body MENAFATF to strengthen the effectiveness of its AML/CFT regime. It said that Jordan has made progress on a number of the Mutual Evaluation Report's (MER) recommended actions to improve its system and to finalize the country's national risk assessment (NRA), since the adoption of the MER in November 2019. The FATF noted that authorities will implement their action plan by completing the ML and TF risk assessments of non-profit organizations (NPOs), of legal persons and of virtual assets; as well as by improving risk-based supervision and applying effective, proportionate, and dissuasive sanctions in case of non-compliance. Further, it pointed out that authorities will conduct training and awareness-raising programs for Designated Non-Financial Businesses and Professions about their AML/CFT obligations. It expected authorities to maintain comprehensive, basic and beneficial ownership information on legal persons and legal arrangements, and to pursue ML investigations and prosecutions in line with the risks identified in the NRA. Also, it anticipated that the authorities will develop and implement a legal and institutional framework for financial sanctions and a risk-based approach to supervise the NPO sector in order to prevent abuse for TF purposes.

Source: Financial Action Task Force

EGYPT

Market expects authorities to raise policy rate by 425 bps by June 2023

JPMorgan Chase & Co. indicated that the Central Bank of Egypt (CBE) increased its key policy interest rate by 100 basis points (bps) on March 21, 2022 and allowed the devaluation of the Egyptian pound against the US dollar by more than 16% in order to reduce pressures on the CBE's foreign currency reserves and to mitigate the impact of large portfolio outflows following Russia's invasion of Ukraine. As such, it expected the CBE to raise its policy rate by a cumulative 425 bps by June 2023, amid elevated inflation rates, limited buffers and a depreciating currency. Further, it pointed out that the net foreign assets (NFAs) of the banking sector declined from a peak of \$6.8bn in February 2021 and posted a deficit of \$11.5bn in January 2022, their lowest level on record. It noted that the banks' NFAs were mainly used to absorb the volatility of flows and to maintain the stability of the exchange rate. In this context, it considered that the CBE should pursue a managed float regime in order to preserve foreign currency reserves. In parallel, Goldman Sachs expected Egyptian authorities to reach an agreement with the International Monetary Fund in the near term, following the financial support from the Gulf Cooperation Council countries, which will help stabilize the country's balance of payments and strengthen investor confidence. It indicated that deposits of \$5bn from Saudi Arabia and investment pledges of \$5bn from Qatar and \$2bn from the UAE will alleviate the impact of nearly \$15bn in portfolio outflows since the start of the invasion.

Source: JPMorgan Chase & Co., Goldman Sachs

Oil prices to average $88 p/b in second quarter of 2022

ICE Brent crude oil front-month prices reached $113.5 per barrel (p/b) on March 30, 2022, constituting a decrease of 11.35% from a recent high of $128 p/b on March 8, 2022. The significant drop in oil prices is mainly driven by the expected release of 180 million barrels in the coming months from the U.S. Strategic Petroleum Reserve (SPR), as well as to prospects of a reduction in oil demand from China due to new COVID-19 restrictions. Further, Goldman Sachs indicated that the SPR release would help the global oil market to recover in 2022 by increasing supply by one million barrels per day (b/d) for six months. Also, in its meeting held on March 31, 2022, the OPEC+ coalition decided to raise oil output by 432,000 barrels per day (b/d) in May 2022. In parallel, JPMorgan Chase & Co. expected global oil demand to rise by 3.2 million b/d and to reach 100.7 million b/d in 2022, which is higher than pre-pandemic levels. In addition, Standard Chartered Bank forecast oil demand at 1.82 million b/d in 2022 due to uncertainties about the potential decline in oil consumption in Russia as the country is expected to plunge into a deep recession as a result of western sanctions and its increasing isolation after invading Ukraine. Also, it noted that prospects of lower global growth rates amid higher commodity prices and a fall in China's oil demand are weighing on oil prices. Further, it projected oil prices to average $88 p/b in the second quarter, $75 p/b in the third quarter, and $81 p/b in the fourth quarter of 2022.
Source: Goldman, Sachs, JPMorgan Chase & Co., Standard Chartered Bank, Refinitiv, Byblos Research

Saudi Arabia's oil exports receipts up 58% to $22.3bn in January 2022

Total oil exports from Saudi Arabia amounted to 8.4 million barrels per day (b/d) in January 2022, representing a decline of 2.3% from 8.6 million b/d in December 2021 and a rise of 8.5% from 7.8 million b/d in January 2021. Further, oil export receipts reached $22.3bn in January 2022, as they decreased by 8.5% from $20.5bn in December 2021 and surged by 57.5% from $14.1bn in January 2021.
Source: JODI, General Authority for Statistics, Byblos Research

Global steel output down 8% in February 2022

Global steel production reached 142.7 million tons in February 2022, constituting decreases of 7.9% from 155 million tons in January 2022 and of 5% from 150.2 million tons in February 2021. Production in China totaled 75 million tons and accounted for 52.6% of global output in February 2022. India followed with 10.1 million tons, or 7.1% of the total, then Japan with 7.3 million tons (5.1%), the U.S. with 6.4 million tons (4.5%), Russia with 5.8 million tons (4.1%), and South Korea with 5.2 million tons (3.6%).
Source: World Steel Association, Byblos Research

ME&A's oil demand to expand by 3% in 2022

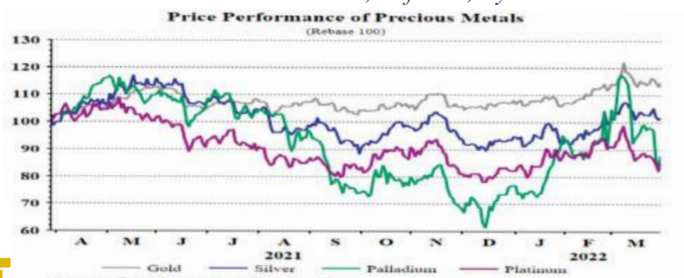
The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 12.64 million barrels per day (b/d) in 2022, which would constitute an increase of 3.3% from 12.24 million b/d in 2021. The region's demand for oil would represent 23.3% of demand in non-OECD countries and 12.5% of global consumption this year.
Source: OPEC

Base Metals: Copper prices to average $9,925 per ton in second quarter of 2022

LME copper cash prices averaged $9,987.2 per ton in the first quarter of 2022, constituting a rise of 76.7% from an average of $5,651.1 a ton in the same period of 2021. Supply disruptions and expectations of robust global demand drove the surge in prices. Also, copper prices declined to $10,360.5 per ton on March 30, 2022 from an all-time high of $11,299.5 a ton on October 18, 2021, as renewed lockdown measures in China amid a surge in the number of new coronavirus cases is limiting the prospects of a recovery in copper demand, which put downward pressure on the metal's price. In parallel, the latest available figures released by the International Copper Study Group show that global demand for refined copper was 25.3 million tons in 2021, up by 1.4% from 2020, due to an 8.5% increase in global demand excluding China. Further, the demand for the metal in China declined by 3.8% in 2021, driven by a 25% decrease in the imports of net refined copper. In parallel, global refined copper production grew by 1.4% to 24.9 million tons in 2021, as higher output from Belgium, China, the Democratic Republic of the Congo, India, and the United States was partially offset by lower production in Australia, Brazil, Chile, Germany, Japan, Myanmar, Russia, and Spain. Further, Standard Chartered Bank projected copper prices to average $9,925 per ton in the second quarter, $9,750 a ton in the third quarter, and $9,600 per ton in the fourth quarter of 2022.
Source: ICSG, Standard Chartered Bank, Refinitiv

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

Gold prices averaged $1,876.2 per troy ounce in the first quarter of 2022, constituting an increase of 4.3% from an average of $1,798 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, gold prices decreased from an all-time high of $2,056.1 per ounce on March 8 of this year to $1,937.4 per ounce on March 30, 2022 due to a stronger US dollar and higher U.S. bond yields. In parallel, Standard Chartered Bank indicated that heightened geopolitical risks and concerns about elevated inflation risks globally are supporting the metal's price despite the increase in interest rates. Also, it anticipated a robust demand for gold by central banks in 2022 and expected inflows into gold-backed exchange traded funds to remain steady in the near term. However, it forecast gold prices to recede to less than $1,800 per ounce starting in 2023, driven by elevated U.S. real bond yields. Moreover, it projected gold prices to average $2,100 per 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: Standard Chartered Bank, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	IHS	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	- -	- -	- -	- -	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	CCC -	- -	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- Positive	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	S&P	Moody's	Fitch	CI	IHS	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	LT Foreign currency rating												
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-Mar-22	No change	28-Apr-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	24-Mar-22	No change	16-June-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-Mar-22	No change	20-Apr-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	08-June-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	9.25	21-Mar-22	Raised 100bps	19-May-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	4.25	24-Mar-22	Raised 25bps	19-May-22
Kenya	Central Bank Rate	7.00	29-Mar-22	No change	N/A
Nigeria	Monetary Policy Rate	11.50	22-Mar-22	No change	23-May-22
Ghana	Prime Rate	17.00	28-Mar-22	raised 250bps	23-May-22
Angola	Base Rate	20.00	28-Jan-22	No change	31-Mar-22
Mexico	Target Rate	6.50	24-Mar-22	Raised 50bps	12-May-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	28-Mar-22	No change	29-Apr-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	18-Mar-22	No change	29-Apr-22

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