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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Greenfield FDI up 12% to $610bn in 2021

Figures released by fDi Markets show that global greenfield foreign direct investments (FDI) amounted to $610bn in 2021, constituting an increase of 12% from nearly $544.6bn in 2020. There were 13,169 greenfield (FDI) projects in 2021 worldwide compared to 11,223 projects in 2020. Europe attracted $215.1bn in greenfield FDI and accounted for 35.3% of the total in 2021, followed by Asia Pacific with $165.7bn (27.2%), then North America with $99.5bn (16.3%), the Middle East & Africa (ME&A) with $65.5bn (10.7%), and Latin America & the Caribbean (LAC) with $64bn (10.5%). In parallel, Europe was the largest source of greenfield FDI with $241.5bn, or 39.6% of the total, followed by North America with $168.4bn (27.6%), Asia Pacific with $159.6bn (26.2%), the ME&A region with $31.2bn (5.1%), and LAC with $9.3bn (1.5%). In addition, Europe was the recipient of 6,259 greenfield FDI projects in 2021 and accounted for 47.5% of the total, followed by Asia Pacific with 2,551 projects (19.4%), North America with 1,936 projects (14.7%), the ME&A region with 1,312 projects (10%), and LAC with 1,111 projects (8.4%). On a sectorial basis, the renewable energy sector attracted $85.2bn in greenfield FDI, or 14% of the total in 2021, followed by the communications sector with $72.2bn (11.8%), the semiconductors sector with $59.1bn (9.7%), the real estate sector with $49.3bn (8%), and the software & IT services sector with $33.7bn (5.5%).

Source: fDi Markets, Byblos Research

EMERGING MARKETS

Sovereigns and corporates to issue $674bn in Eurobonds in 2022

Bank of America projected sovereigns and corporates in emerging markets (EMs) to issue $674bn in Eurobonds in 2022, nearly unchanged from the volume of external debt output in 2021. It forecast EMs to issue $174bn in sovereign Eurobonds in 2022, or 25.8% of aggregate Eurobonds issuance for the year, nearly unchanged from 2021. It projected investment grade EM sovereigns to issue $101bn, or 58% of aggregate EM sovereign output this year, while it anticipated high yielding EMs to issue the remaining 42%. Further, it indicated that EM sovereigns have already issued $43bn in Eurobonds in the first quarter of 2022. On a regional basis, it noted that Latin America issued nearly $19bn, and accounted for 44% of aggregate EM sovereign output in the first quarter of 2022, followed by Emerging Europe, the Middle East and Africa (EEMEA) with $18bn (42%), Emerging Asia with $5bn (12%), and the Gulf cooperation Council economies (GCC) with $1bn (2%). In parallel, it forecast EMs to issue $500bn in corporate bonds in 2022, or 74.2% of total external debt output, nearly unchanged from 2021. It pointed out that EM corporates have already issued $102bn in bonds in 2022. On a regional basis, it stated that corporates in Emerging Asia issued $70bn, or 69% of total corporate bond output in the first quarter of 2022, followed by Latin America with $13bn (13%), and the EEMEA region and the GCC with $9bn each (9% each).

Source: Bank of America

MENA

Country risk level recedes in fourth quarter of 2021

The Euromoney Group's quarterly survey on global country risk shows that the risk level in the Arab world decreased in the fourth quarter of 2021, as the average country risk score of 18 Arab economies was 42.83 points relative to 41.47 points in the fourth quarter of 2020. A higher score represents a lower country risk level. Qatar had the 28th lowest country risk level globally and the lowest in the region, followed by the UAE (30th), Saudi Arabia (39th), Kuwait (40th), and Bahrain (49th) as the five Arab countries with the lowest risk levels in the region. In contrast, Iraq (153rd), Sudan (155th), Lebanon (170th), Yemen (172nd) and Syria (173rd) posted the highest risk levels in the Arab world. In parallel, the Arab region's risk level was higher than the global risk level (48.8 points), as well as higher than the risk levels of North America (66.5 points), Europe & Central Asia (60.8 points), East Asia & Pacific (52.7 points), and Latin America & the Caribbean (47.1 points); while it was lower than the risk levels of South Asia (38.6 points) and Sub-Saharan Africa (36.7 points). Qatar ranked in first place regionally on the Economic Assessment and Access to International Capital Markets categories, the UAE came first among Arab countries on the Political Assessment and Structural Assessment indicator categories, and Kuwait ranked in first place on the Debt Indicators category.

Source: Euromoney Group, Byblos Research

GCC

Corporate earnings up 111% to $197bn in 2021

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $196.5bn in 2021, constituting a surge of 111% from $93.1bn in 2020. The firms' net earnings totaled $38.5bn in the first quarter, $45.3bn in the second quarter, $55.5bn in the third quarter, and $50.6bn in the fourth quarter of 2021. In parallel, listed companies in Saudi Arabia generated $143bn in profits, or 72.8% of total corporate earnings in the GCC in 2021, followed by listed firms in Abu Dhabi with $17.6bn (9%), in Qatar with $11.7bn (6%), in Dubai with $10.2bn (5.2%), in Kuwait with $9.7bn (4.9%), in Bahrain with $2.8bn (1.4%), and in Oman with $1.4bn (0.7%). Further, the earnings of listed companies in Kuwait jumped by 410.5% in 2021, followed by the earnings of listed firms in Bahrain (+211%), in Saudi Arabia (+120.7%), in Abu Dhabi and Dubai (+76% each), and in Qatar (+41%), while the earnings of listed firms in Oman were unchanged from 2020. Also, the earnings of listed firms in the GCC energy sector reached $107.7bn and accounted for 54.8% of total corporate earnings in 2021, followed by the profits of listed banks with $35.4bn (18%), companies in the materials sector with $15.7bn (8%), utilities firms with $8.1bn (4.1%), telecommunication companies with $7.6bn (4%), capital goods firms with $4.8bn (2.4%), transportation companies with $4.4bn (2.2%), and real estate firms with $3.7bn (1.9%). The income of companies in the energy sector surged by $58.2bn in 2021, followed by the profits of firms in the materials sector (+14.3bn), the earnings of banks (+$12.2bn), the income of capital goods firm and transportation companies (+$4.2bn each).

Source: KAMCO, Byblos Research

OUTLOOK

EMERGING MARKETS

Global economy to grow by 3.6% in 2022, growth to vary among emerging economies

The International Monetary Fund projected global economic growth at 3.6% in each of 2022 and 2023 compared to its January forecast of growth rates of 4.4% and 3.8%, respectively. It attributed its revised forecasts to the substantial global economic spillovers from Russia's invasion of Ukraine through commodity markets, confidence, trade, and financial channels. It projected real GDP in advanced economies to grow by 3.3% in 2022 relative to its January forecast of 3.9%, while it expected economic activity in emerging markets and developing economies to expand by 3.8% this year compared to a previous forecast of a growth rate of 4.8%.

The IMF projected real GDP in Emerging & Developing Asia to expand by 5.4% in 2022, and to grow in Latin America & the Caribbean by 2.5% this year. It forecast real GDP in Emerging & Developing Europe to shrink by 2.9% in 2022, mainly due to the contraction of Russia's economy by 8.5%. Further, it projected Sub-Saharan Africa's real GDP to increase by 3.8% this year, while it anticipated real GDP growth in the Middle East & Central Asia region at 4.6%

In parallel, the IMF projected the inflation rate at 5.7% in advanced economies and at 8.7% among emerging markets and developing economies. It noted that war-related supply shortages amplified the increase in the prices of energy, metals and food products, given that Russia is a major supplier of oil, gas and metals, and Ukraine is a major supplier of wheat and corn. It added that developing countries could face further capital outflows and currency depreciations. It also anticipated major central banks in advanced economies to raise their current policy rates in the near term, which would tighten external financing conditions for emerging markets.

Source: International Monetary Fund

MENA

Economic activity to accelerate to 5.2% in 2022, downside risks persist

The World Bank projected real GDP growth in the Middle East & North Africa (MENA) region to accelerate from 3.3% in 2021 to 5.2% in 2022, the fastest expansion since 2016, and to moderate to 3.5% in 2023. It projected real GDP in MENA oil-exporting economies to grow by 5.4% in 2022 and 3.3% in 2023, with activity in countries of the Gulf Cooperation Council (GCC) expanding by 5.9% and 3.7% in 2022 and 2023, respectively, as a result of higher global oil prices, rising oil production, and a rebound in economic activity. Also, it projected real GDP in MENA oil-importing countries to grow by 4% in 2022 and 4.5% in 2023. It considered that the MENA region's outlook is subject to high uncertainties as a result of geopolitical risks, the ongoing COVID-19 pandemic, and the economic repercussion of Russia's invasion of Ukraine.

In parallel, it projected the MENA economies' fiscal balance to shift from a deficit of 3.3% of GDP in 2021 to a surplus of 3% of GDP in 2022, and for the current account surplus to increase by five percentage points (ppts) to 8.3% of GDP this year. It anticipated that higher oil prices and the easing of oil production cuts under the OPEC+ agreement will support the fiscal and current account balances of MENA oil exporters. As such, it forecast the current account balance in 2022 to improve by 7.9 ppts for GCC countries and by 3.9 ppts for developing MENA oil exporters. Also, it projected the aggregate fiscal balance of GCC economies to shift from a deficit of 2.5% of GDP in 2021 to a surplus of 7.1% of GDP this year, and for the fiscal balance of region's developing oil exporters to change from a deficit of 1.8% of GDP last year to a surplus of 2.2% of GDP in 2022. However, it anticipated that higher import bills as a result of rising food and energy prices will worsen the fiscal and current account balances of MENA oil importers. It forecast the aggregate fiscal balance of the region's oil importers to slightly deteriorate from 7% of GDP in 20212 to 7.1% of GDP this year, and for their current account balance to widen from 4.8% of GDP last year to 6.3% of GDP in 2022. It considered that Russia's invasion of Ukraine and tighter global financing conditions will further weigh on the region's economies that have fiscal and debt vulnerabilities.

Source: World Bank

EGYPT

Outlook subject to elevated uncertainties

The Institute of International Finance (IIF) projected real GDP growth in Egypt at 4.5% in the fiscal year that ends in June 2022 compared to an expansion of 3.3% in FY2020/21 and to a previous forecast of 5.2% for FY2021/22, and expected growth to moderate to 4.3% in FY2022/23. It attributed its downward revision to weaker demand for the country's exports from the Eurozone, Russia, and Ukraine; to higher inflation rates that will curb private consumption; to reduced private confidence and elevated uncertainties that have weighed on asset prices and led to capital outflows; and to the elevated public debt burden, which will limit the ability of the authorities to pursue countercyclical fiscal policies. It expected higher global oil prices to support the economies of the Gulf Cooperation Council (GCC), which would benefit Egypt through trade and investment linkages. Still, it considered that the growth outlook is subject to uncertainties about the evolution of the war in Ukraine and a renewed flare-up of the coronavirus pandemic.

In parallel, it expected the Central Bank of Egypt to raise its benchmark policy rate in the next few months to contain inflationary pressures and to discourage further capital outflows amid higher global interest rates. However, it anticipated that rising interest rates, as well as food and fuel subsidies, will limit the authorities' fiscal consolidation efforts. As a result, it projected the fiscal deficit to widen from 7.4% of GDP in FY2020/21 to 7.9% of GDP in FY2021/22, and forecast the public debt level at about 90% of GDP by end-June 2022. It noted that elevated debt servicing that accounts for more than 50% of total public revenues and large rollover debt maturities make Egypt vulnerable to external financing pressures.

Further, the IIF projected the current account deficit to slightly widen from 4.6% of GDP in FY2020/21 to 4.8% of GDP in FY2021/22, in case sustained exports offset in part the rise in the import bill. It forecast official foreign currency reserves at an adequate level of $35bn by the end of June 2022.

Source: Institute of International Finance

GCC

Agencies take rating actions on sovereigns

Fitch Ratings affirmed Saudi Arabia's long-term foreign and local currency Issuer Default Rating (IDR) at 'A' and revised the outlook from 'stable' to 'positive' on the long-term ratings. It attributed the outlook revision to its expectations that the Kingdom will record budget surpluses of 6.7% of GDP in 2022 and 3.5% of GDP in 2023, the first surpluses since 2013, driven by significantly higher oil prices and the government's commitment to fiscal consolidation. In addition, it affirmed Qatar's long-term foreign and local currency IDR at 'AA-', and maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings are supported by a high level of sovereign net foreign assets, one of the highest GDP per capita in the world, a flexible public finance structure, and a favorable outlook for debt reduction. However, it noted that the ratings are constrained by an elevated public debt level and considerable contingent liabilities. In parallel, S&P Global Ratings affirmed Bahrain's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B+', respectively. It also maintained the 'stable' outlook on the long-term ratings. It indicated that the 'stable' outlook reflects the agency's assumption that sufficient financial support from Gulf Cooperation Council peers would cover the country's financing needs, and the authorities' efforts to implement fiscal consolidation measures. Further, the agency affirmed Kuwait's short- and long-term foreign and local currency sovereign credit ratings at 'A-1' and 'A+', respectively, with a 'negative' outlook. It said that the 'negative' outlook reflects risks in the next 12 to 24 months related to the government's ability to overcome the political standoff with Parliament and to develop a financial strategy to address future deficits.

Source: Fitch Ratings, S&P Global Ratings

ARMENIA

Sovereign ratings affirmed, Outlook 'stable'

S&P Global Ratings affirmed Armenia's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B+', respectively, and revised the outlook from 'positive' to 'stable' on the long-term ratings. It also affirmed the transfer and convertibility assessment at 'BB-'. The agency pointed out that the ratings are constrained by ongoing external security risks, and by high external debt and financing needs. In parallel, it attributed the outlook revision to its expectations that the country's real GDP growth will decelerate to 1.3% in 2022 from a previous growth forecast of 4.7%, due to the anticipated recession in Russia, given that the latter is Armenia's largest trading partner. Further, it expected real GDP growth to average by 4.3% over the medium term, underpinned by robust domestic demand and the ongoing growth of the services sector. In addition, it projected the current account deficit to widen to 4.3% of GDP in 2022 from 3.7% of GDP in 2021, driven by higher import prices, especially the prices of food products. Moreover, it considered that a depreciation of the Armenian dram and a wider fiscal deficit would increase the government's debt to 62% of GDP by the end of this year. In parallel, the agency said that it could downgrade the ratings if the country's economic growth weakens further. In contrast, it noted that it may upgrade the ratings in case of structural reforms backed by a new International Monetary Fund program that would support economic growth, or in case of a reduction in external debt.

Source: S&P Global Ratings

TUNISIA

External financing needs at 6% of GDP in 2022

The Institute of International Finance revised downwards its forecast for Tunisia's real GDP growth to 1.5% in 2022 from 3.5% previously, due to weaker demand for the country's exports from the Eurozone, higher inflation rates that will curb private consumption, reduced private confidence that will weigh on asset prices and lead to capital outflows, and to the elevated government debt burden that will limit the ability of the authorities to pursue an expansionary fiscal policy. It noted that the growth outlook is subject to uncertainties about the evolution of the war in Ukraine and the associated slowdown in economic activity in the Eurozone. In parallel, it projected the fiscal deficit at 8.5% of GDP in 2022, due to food and fuel subsidies, as well as to the limited increase in tax receipts, and forecast the public debt level at 88% of GDP by end-2022. It considered that authorities need to step up fiscal consolidation efforts and achieve a primary surplus of 2% of GDP to put the public debt level back on a downward trajectory. Further, it anticipated that higher global oil and wheat prices will widen the current account deficit by 2.6 percentage points of GDP to 9.4% of GDP in 2022. As such, it estimated the external funding gap at $2.7bn or the equivalent of 6.1% of GDP this year, amid limited capital inflows, expectations of a weak recovery in tourism receipts, and the absence of a funded program with the International Monetary Fund. Also, it forecast foreign currency reserves to decline from $8.7bn at end-2021 to $6bn by end-2022, in case authorities fail to find funding sources to meet their external financing requirements.

Source: Institute of International Finance

CÔTE D'IVOIRE

Economic growth to slow down to 6% in 2022 on rising external risks

The International Monetary Fund projected Côte d'Ivoire's real GDP growth to slow down from 7% in 2021 to 6% in 2022 due to subdued global demand, the deterioration in the country's terms of trade, and increased uncertainties from Russia's invasion of Ukraine. It noted that the fiscal deficit stood at 5.1% of GDP in 2021, due mainly to gains from strengthening the tax administration and ongoing digitalization efforts, which, in turn, have offset higher spending on defense. Further, it encouraged the authorities to evaluate closely the impact of the measures that they adopted to mitigate the effects of the war in Ukraine on the economy and to ensure that these measures are in line with medium-term fiscal sustainability targets. It also stressed the importance of preserving macroeconomic and debt sustainability in order to rebuild fiscal buffers over time. It noted that the government agreed to continue to mobilize domestic revenues, which is crucial for the financing of critical spending and for enhancing macroeconomic resilience. Further, it considered that downside external risks from the global repercussions of the war in Ukraine, tighter monetary policy in advanced economies and the associated increase in borrowing costs, as well as the continued political instability in several neighboring countries, are weighing on the country's macroeconomic outlook. But it noted that the recent discovery of a substantial quantity of oil and gas in Côte d'Ivoire and the implementation of reforms under the 2021-25 National Development Plan could provide a boost to the medium-term outlook.

Source: International Monetary Fund

BANKING

QATAR

Agency downgrades ratings of seven banks on high external funding

Fitch Ratings downgraded the long-term issuer default rating (IDR) of Qatar National Bank from 'A+' to 'A', and the IDRs of Qatar Islamic Bank, the Commercial Bank, Doha Bank, Dukhan Bank, Qatar International Islamic Bank, and Ahli Bank from 'A' to 'A-', with a 'stable' outlook on the ratings. It also removed the IDRs of the seven banks from Rating Watch Negative. It attributed the downgrades to the increased reliance of the Qatari banking sector on external funding and their rapid asset growth recently, as it considered that foreign funding has weakened the authorities' ability to provide support to the system, in case of need. Further, it pointed out that the banks' non-resident funding reached $196bn at the end of 2021 and accounted for 47% of the sector's liabilities relative to 38% at end-2018, while the banks' total assets increased from the equivalent of 212% of GDP at end-2018 to 310% of GDP at end-2021. It added that the banks' foreign assets remained broadly stable at $65bn at the end of 2021. As a result, it noted that the banking sector's net external debt increased from 31% of GDP at the end of 2018 to 81% of GDP at end-2021. Also, it expressed skepticism about the benefits of higher oil prices on the banks' metrics. However, it indicated that the IDRs of Qatari banks reflect an extremely high probability of support from the government for domestic banks, in case of need, due to the country's substantial public revenues and large net foreign assets that were equivalent to 198% of GDP at end-2021, especially that the government owns stakes in all Qatari banks.

Source: Fitch Ratings

MOROCCO

Rabat 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 February 2021, Morocco made a high-level political commitment to work with the FATF and its regional body MENAFATF, in order to strengthen the effectiveness of country's AML/CFT regime. Also, it noted that Morocco has taken steps towards improving its AML/CFT regime by providing additional training and awareness-raising to financial institutions and designated non-financial businesses and professions (DNFBPs) to detect suspicious cases. The FATF considered that the Moroccan authorities should continue to work on the implementation of their action plan in order to address AML/CFT strategic deficiencies. As such, it called on the government to improve risk-based supervision, take remedial actions, and apply effective, proportionate and dissuasive sanctions against non-complying entities and persons. It also encouraged the authorities to verify beneficial ownership information on legal persons and legal arrangements. Further, it called on the government to increase the diversity of suspicious transaction reporting. In addition, it recommended that authorities prioritize the identification, investigation, and prosecution of all types of money laundering in accordance with the country's risks. Moreover, it urged the government to effectively supervise and monitor the compliance of financial institutions and DNFBPs with targeted sanctions obligations.

Source: Financial Action Task Force

SAUDI ARABIA

Higher interest rates to benefit banks

S&P Global Ratings expected banks in Saudi Arabia to benefit from the U.S. Federal Reserve's upcoming increases in interest rates, which would trigger a similar response by the Saudi Central Bank, given the peg of the Saudi riyal to the US dollar. It estimated that an increase in interest rates by 100 basis points would lead to a rise of 13% in the banks' aggregate net income and an uptick of 1.5 percentage points in their return on equity. Further, it expected the authorities to provide support to the banking sector in order to mitigate the fallout from rising interest rates. It forecast the impact on asset quality to be manageable in the near term, as banks funded the corporate sector at floating rates, even though they extended mortgages at fixed rates. In addition, it pointed out that rising interest rates may result in a shift of customer funding from demand deposits to time and savings accounts, mainly due to the launch of government-backed savings products. As such, it expected the shift to longer-term domestic liabilities to widen the banking sector's maturity mismatches that materialized from the recent rise in long-term mortgage lending. In parallel, it expected the credit profiles of Saudi banks to benefit from rising rates, which will boost their revenues. It projected credit growth to slow down from 12% in 2022 to 10% in 2023 due to higher rates, and noted that the decline in lending will support the banks' capital buffers and protect their creditworthiness in the near term. But it anticipated a rise in credit demand in 2023, due to the increase in construction projects as part of the Vision 2030 plan.

Source: S&P Global Ratings

ARMENIA

Credit risks to increase in near term

Moody's Investors Service indicated that the credit profile of Armenian banks is supported by a score of 'ba3' on the country's economic strength indicator, a score of 'baa3' on the institutional framework category, as well as by a score of 'ba' on the susceptibility to event risk indicator. It noted that the banking system's 'weak' macro profile balances the economy's small size and low-income level, with its robust growth potential and increasingly diverse economic drivers. But it considered that Russia's invasion of Ukraine will weaken Armenia's economic growth, given the extensive economic links between Armenia and Russia. It noted that bank lending shifted from an increase of 10% in 2020 to a contraction of 3% in the first nine months of 2021, due to weak credit demand, the banks' tightened underwriting policies, and the restructuring of problem loans. Also, it anticipated the banks' credit risks to increase in the near-term, due to the banks' high exposure to retail and small and medium-sized enterprises that were the most vulnerable segments to the coronavirus-related lockdown measures. In parallel, it noted that the Armenian banking system is highly dollarized, as foreign-currency deposits accounted for 50% of aggregate deposits at the end of 2021. As such, it pointed out that the sector's large exposure to foreign-currency loans, which represented 44% of gross loans at the end of 2021, poses risks to the banks' asset quality. Further, it considered that adverse political and market events could negatively affect the confidence of depositors and increase the risk of deposit outflows.

Source: Moody's Investors Service

Oil prices to average $108 p/b in second quarter of 2022

ICE Brent crude oil front-month prices reached $105 per barrel (p/b) on April 26, 2022, constituting an increase of 6.6% from a low of $98.5 p/b on April 11, 2022. The rise in oil prices is mainly driven by concerns about disruptions to Russian oil and gas supply and by a worsening global economic outlook. In parallel, the U.S. Energy Information Administration (EIA) expected global oil production to decrease due mainly to a reduction in petroleum output in Russia. Also, it anticipated global oil consumption to decline due to the expected slowdown in global economic growth and the related demand for fuel oil, as well as to the impact of the fallout of lockdown measures in China on the demand for oil. In addition, it considered that there is a high level of uncertainty about energy supply resulting from Russia's invasion of Ukraine, the production decisions of OPEC+, and the rate of increase in drilling in the United States. Further, the EIA expected that rising global consumption in the summer of 2022, decreasing oil production in Russia, as well as the risk of supply shortages amid low global inventory levels, will support crude oil prices in the coming months. However, it considered that the release of oil from the strategic reserves in the U.S. and in member countries of the International Energy Agency would limit the upward pressures on oil prices in the near term, and expected a buildup in global petroleum inventories on a quarterly basis through the end of 2023. Further, it projected oil prices to average $107.7 p/b in the second quarter, $104 p/b in the third quarter, and $100.7 p/b in the fourth quarter of 2022.

Source: Energy Information Administration, Refinitiv, Byblos Research

OPEC's oil basket price up 21% in March 2022

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $113.48 per barrel (p/b) in March 2022, representing an increase of 20.8% from $93.95 p/b in February 2022. Algeria’s Sahara blend price was $121.8 p/b, followed by Angola's Girassol at 121.58 p/b, and Nigeria Bonny’s Light at 120.68 p/b. All prices in the OPEC basket posted monthly increases of between $20.8 p/b and $21.92 p/b in March 2022.

Source: OPEC

Angola's oil export receipts up 43% to $1.3bn in March 2022

Oil exports from Angola reached 33.8 million barrels in March 2022, constituting an increase of 2 million barrels (+6.3%) from February 2022 and a rise of 3.12 million barrels (+10.2%) from the same month in 2021. The country's oil export receipts totaled KZ587.4bn, or $1.26bn, in March 2022 and surged by 42.5% from KZ412.33bn ($791.1m) in February 2022. They grew by 20.8% from KZ486.2bn ($779.2m) in March 2021.

Source: Ministry of Finance of Angola

OPEC oil output up 0.2% in March 2022

The members of the Organization of Petroleum Exporting Countries, based on secondary sources, produced 28.56 million barrels of oil per day (b/d) on average in March 2022, nearly unchanged from 28.5 million b/d in February 2022. Saudi Arabia produced 10.3 million b/d, or 36% of OPEC's total output, followed by Iraq with 4.3 million b/d (15.1%), the UAE with 2.98 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: Copper prices to average $9,925 per ton in second quarter of 2022

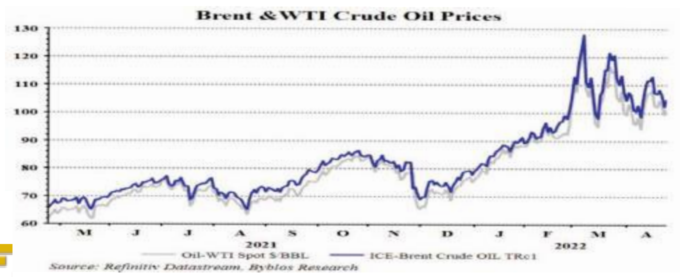
LME copper cash prices averaged $10,047.4 per ton in the year-to-April 26 period, constituting a rise of 82.5% from an average of $5,506 a ton in same period of 2021. Supply disruptions and expectations of robust global demand drove the surge in prices. Also, copper prices declined to $9,863.5 per ton on April 26, 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 2.1 million tons in January 2022, up by 3% from the same month of 2021, due to an increase of 1.3% in global demand excluding China. Further, demand for the metal in China grew by 4.5% in the first month of the year, driven by a 10% increase in the imports of net refined copper. In parallel, global refined copper production grew by 2% to 2.1 million tons in January 2022, as higher output from China, the Democratic Republic of the Congo and India was partially offset by lower production in Chile and Japan. In addition, 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: Palladium prices to average $2,350 per ounce in second quarter of 2022

The prices of palladium averaged $2,331.5 per troy ounce in the year-to-April 26 period, constituting a decrease of 5.8% from an average of $2,475.7 an ounce in the same period last year. The decline in prices was mainly due to global chip shortages, as well as to the substitution of palladium to platinum in catalytic converters. However, prices surged to an all-time high of $3,015 per troy ounce on March 7, 2022 following Russian's military invasion of Ukraine, due to fears of losing commodity supply from Russia, the world's largest producer of palladium. In parallel, Citi Research anticipated refined supply of palladium at 7.2 million ounces in 2022 relative to 6.9 million ounces in 2021. Also, it forecast demand for the metal at 10.2 million ounces this year compared to 9.8 million ounces in 2021. Further, it projected palladium prices to be highly volatile in the short term due to geopolitical tensions. In addition, it expected palladium prices to average $1,000 per ounce in the long term, driven by a shift in the palladium market from a small deficit to a sizable surplus amid the loss in autocatalyst demand due to the substitution of palladium to platinum in the production of electrical vehicles batteries. Moreover, Standard Chartered Bank forecast palladium prices to average $2,350 per ounce in the second quarter, $2,150 an ounce in the third quarter, and $2,250 per ounce in the fourth quarter of 2022.

Source: Citi Research, 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-	B3	B-	-	CCC								
	Stable	Stable	Stable	-	Negative	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+	B+								
	Stable	Stable	Stable	Stable	Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC	Caa1	CCC		B+								
	Negative	RfD**	-	-	Negative	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B-	Caa1	B-	-	BB-								
	Stable	Stable	Negative	-	Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-	B+								
	-	Stable	Stable	-	Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep	B-	Caa1	-	-	CCC								
Congo	Stable	Stable	-	-	Stable	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB-	Ba1	BB+	-	BBB								
	Negative	Negative	Stable	-	Negative	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	B2	B	-	B-								
	Stable	Stable	Stable	-	Negative	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Tunisia	-	Caa1	CCC	-	B+								
	-	Negative	-	-	Negative	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B	-	-	-	B+								
	Stable	-	-	-	Stable	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+	B2	B+	-	B+								
	Negative	Negative	Stable	-	Negative	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East													
Bahrain	B+	B2	B+	B+	B+								
	Stable	Negative	Stable	Stable	Negative	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	-	-	-	B	B-								
	-	-	-	Negative	Negative	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B-	Caa1	B-	-	CC+								
	Stable	Stable	Stable	-	Stable	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+	B+								
	Stable	Stable	Negative	Stable	Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA-	A+	AA-								
	Negative	Stable	Stable	Stable	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	BB-	Ba3	BB-	BB	BB-								
	Stable	Negative	Stable	Negative	Negative	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA-	Aa3	AA-	AA-	A+								
	Stable	Stable	Stable	Stable	Negative	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A-	A1	A	A+	A+								
	Positive	Stable	Positive	Stable	Stable	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-	C								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-	AA-								
	-	Stable	Stable	Stable	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+ Stable	Ba3 Negative	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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.50	16-Mar-22	Raised 25bps	04-May-22
Eurozone	Refi Rate	0.00	14-Apr-22	No change	N/A
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	05-Apr-22	No change	03-May-22
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-Jun-22
Canada	Overnight rate	1.00	13-Apr-22	Raised 50bps	N/A
Emerging Markets					
China	One-year Loan Prime Rate	3.70	20-Apr-22	No change	20-May-22
Hong Kong	Base Rate	0.75	17-Mar-22	Raised 25bps	N/A
Taiwan	Discount Rate	1.375	17-Mar-22	Raised 25bps	16-Jun-22
South Korea	Base Rate	1.50	14-Apr-22	Raised 25bps	26-May-22
Malaysia	O/N Policy Rate	1.75	03-Mar-22	No change	11-May-22
Thailand	1D Repo	0.50	09-Feb-22	No change	08-Jun-22
India	Reverse repo Rate	3.35	09-Feb-22	No change	N/A
UAE	Repo Rate	1.75	16-Mar-22	Raised 25bps	N/A
Saudi Arabia	Repo Rate	1.25	16-Mar-22	Raised 25bps	N/A
Egypt	Overnight Deposit	9.25	21-Mar-22	Raised 100bps	19-May-22
Jordan	CBJ Main Rate	2.75	17-Mar-22	Raised 25bps	N/A
Turkey	Repo Rate	14.00	14-Apr-22	No change	26-May-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	30-May-22
Nigeria	Monetary Policy Rate	11.50	21-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	31-Mar-22	No change	N/A
Mexico	Target Rate	6.50	24-Mar-22	No change	12-May-22
Brazil	Selic Rate	11.75	16-Mar-22	Raised 100bps	04-May-22
Armenia	Refi Rate	9.25	15-Mar-22	Raised 125bps	03-May-22
Romania	Policy Rate	3.00	05-Apr-22	Raised 50bps	10-May-22
Bulgaria	Base Interest	0.00	28-Mar-22	No change	29-Apr-22
Kazakhstan	Repo Rate	14.00	25-Apr-22	Raised 50bps	06-Jun-22
Ukraine	Discount Rate	10.00	14-Apr-22	No change	02-Jun-22
Russia	Refi Rate	17.00	08-Apr-22	Cut 300bps	29-Apr-22

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