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Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Mergers and acquisitions deals down 9% to $978bn in first quarter of 2022

Figures issued by information provider PitchBook Data indicate that global mergers and acquisitions (M&A) activity totaled $977.6bn in the first quarter of 2022, constituting decreases of 8.6% from $1,069.2bn in the first quarter of 2021 and of 25.4% from $1,336bn in the fourth quarter of 2021. The number of M&A transactions reached 6,409 in the first quarter of this year and declined by 28% from 8,892 deals in the same quarter of 2021 and by 28.4% from 8,950 transactions in the fourth quarter of 2021. In addition, the distribution of transactions shows that M&A deals in the information technology (IT) sector reached $261.5bn and accounted for 26.7% of the aggregate deal value in the first quarter of 2022. The business product & services segment followed with $257bn (26.3%), then the consumer products & services sector with $128.3bn (13%), the healthcare industry with $121.5bn (12.4%), financial services with $102.8bn (10.5%), the energy sector with $71.8bn (7.3%), and the materials & resources segment with $35bn (3.6%). Also, there were 2,306 deals in the business product & services segment or 36% of the aggregate number of deals in the first quarter of 2022, followed by the IT sector with 1,406 transactions (22%), the consumer products & services sector with 1,221 deals (19%), the healthcare segment with 610 transactions (9.5%), financial services firms with 501 deals (7.8%), the energy sector with 184 deals (2.9%), and the materials & resources segment with 181 transactions (2.8%).

Source: PitchBook Data, Byblos Research

Agency maintains ratings and outlook on 52% of financial institutions in first quarter of 2022

Fitch Ratings' review of the ratings of 269 financial institutions in the first quarter of 2022 shows that the agency did not change the ratings or the outlooks on 139 financial institutions (FIs), or on 51.7% of rated FIs, in the covered period, while it downgraded the ratings of 66 FIs (24.5% of the total), and revised the outlook on the ratings of 30 FIs to 'stable' (11.2% of the total). It attributed the 'stable' outlook to the improved global operating environment and enhanced financial metrics of FIs, while the downgrades were driven by sovereign rating actions in emerging markets. Also, it upgraded the ratings of 16 FIs (6%), and revised the outlook to 'positive' or placed the ratings of 9 FIs (3.3%) on Rating Watch Positive (RWP), revised the outlook to 'negative' or placed the ratings of seven FIs (2.6%) on Rating Watch Negative (RWN), and revised the outlook to 'evolving' or placed the ratings of two FIs on Rating Watch Evolving (RWE). In parallel, it noted that it did not change the ratings or outlooks on 71 banks, or 46% of the banks that it rates, while it downgraded the ratings of 42 banks (27.3% of the total), revised the outlook on 23 banks (15%) to 'stable', upgraded the ratings of 11 banks (7.1%) and revised the outlook to 'positive' or put the ratings of four banks (2.6%) on RWP. In addition, it revised the outlook to 'negative' or put the ratings of two banks (1.3%) on RWN, and revised the outlook to 'evolving' or placed the ratings of one bank on RWE. The agency reviewed the ratings of 154 banks, 65 insurance companies, and 50 non-banking FIs in the covered period.

Source: Fitch Ratings

Global trade in services up by 20% in fourth quarter of 2021

Figures released by the World Trade Organization (WTO) show that global trade in services grew by 20% in the fourth quarter of 2021 from the same period of 2020, mainly due to the increase of trade in commercial and transport services. It noted that the volume of global trade in commercial services was higher by 2% from the fourth quarter of 2019, prior to the onset pandemic. It stated that the global exports and imports of services expanded by 20% each in the fourth quarter of 2021 relative to the same quarter of 2020. It added that the export of services increased by 24% in Asia, followed by Europe and North America (+18% each); while the export of services in other regions rose by 38% in the fourth quarter of 2021. It also noted that the import of services surged by 27% in North America in the fourth quarter of 2021, followed by Asia (+19%) and Europe (+18%); while the import of services increased by 32% in other regions. Further, it said that world travel services jumped by 70% in the fourth quarter of 2021 from the same period in 2020, followed by an surge of 45% in transport services, an increase of 10% in goods-related services, and a rise of 9% in other commercial services.

Source: World Trade Organization

SAUDI ARABIA

Profits of listed firms up 122% to $147bn in 2021

The cumulative net income of 193 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR552.4bn, or $147.3bn, in 2021, constituting a surge of 122.3% from SAR248.5bn, or $66.3bn, in 2020. Listed energy firms generated net profits of $106.bn and accounted for 72% of total earnings in 2021. Listed basic materials firms followed with $16.8bn in net income (11.4%), then banks with $13.6bn (9.2%), utilities companies with $4.3bn (2.9%), telecommunications firms with $3.5bn (2.3%), healthcare equipment & services providers with $710.3m (0.5%), firms in the food & beverages industry with $579m (0.4%), software and services firms with $407.3m (0.3%), and capital goods companies with $257.8m (0.2%), while listed firms in other sectors registered net profits of $761.2m (0.5%). In contrast, listed commercial & professional services providers posted aggregate net losses of $5.9m in 2021. Further, the net earnings of basic materials firms jumped by 693% in 2021, followed by the net income of utilities companies (+273.7%), capital good firms (+182.4%), energy companies (+117.4%), media services firms (+63.8%), banks (+56.4%), software & services companies (+33.4%), healthcare equipment & services providers (+24.7%), and telecommunications firms (+6%), while the losses of commercial and professional services providers decreased by 93.3% in 2021 from 2020. In contrast, the net profits of pharmaceuticals, biotech & life sciences companies dropped by 81.4% in 2021, followed by the net earnings of insurers by (-80.7%), food & staples retailers (-64%), retailers (-46.6%), and the food & beverage industry (-38.4%). Further, the results of listed diversified financials companies, real estate firms, consumer services firms, transportation firms, and consumer durables and apparel shifted from aggregate losses of $3.8bn in 2020 to net profits of $525.4m in 2021.

Source: KAMCO, Byblos Research

OUTLOOK

AFRICA

Real GDP growth to average 3.9% in 2022-23 period, outlook subject to downside risks

The International Monetary Fund considered that the commodity price shock as a result of Russia's invasion of Ukraine has stalled the positive momentum of Sub-Saharan Africa's (SSA) economic recovery, and projected real GDP growth in SSA countries at 3.8% in 2022 and 4% in 2023. Further, it projected the economic activity of oil-exporting countries in the SSA region to expand by 3.5% in 2022 and 3.2% next year, supported by higher global oil prices and the easing of oil production cuts under the OPEC+ agreement. Also, it forecast the real GDP of SSA oil-importing and resource-intensive economies to expand by 4% this year and by 4.5% in 2023, supported by higher commodity prices. It considered that risks to the outlook of the SSA region are tilted to the downside and consist of potentially higher energy and food prices as a result of the protracted conflict in Ukraine, a faster-than-expected tightening of global financial conditions, the slow vaccine rollout that could favor the emergence of new variants of the coronavirus, political instability and security risks, as well as climate-related shocks.

In parallel, the IMF considered that the commodity price shock is having varying effects on government revenues and fiscal balances across the SSA region. It expected the receipts of the region's oil-exporting countries to significantly increase in 2022, while it anticipated revenue gains in exporters of other commodities to be offset by higher expenditures on energy subsidies. It projected the fiscal deficit of the SSA region's oil exporters to narrow from 3.4% of GDP in 2022 to 3.3% of GDP next year amid higher oil prices and limited fiscal space, while it forecast the deficit of SSA oil importers to narrow from 5.4% of GDP this year to 4.8% of GDP in 2023. Further, it expected the current account balance, including grants, of SSA oil exporters to post a surplus of 1.7% of GDP in 2022 and for the surplus to turn into balance by 2023, as oil prices normalize; while it projected the deficit of oil importers to widen from 3.6% of GDP in 2022 to 4% of GDP in 2022 amid higher commodity prices. As such, it forecast the foreign currency reserves of SSA oil exporters at six months of imports at end-2022 and at 6.5 months of import coverage at end-2023, and those of oil importers at 3.6 months of imports at end-2022 and 3.5 months of import coverage at end-2023.
Source: International Monetary Fund

MENA

Increased oil output and higher prices to lift growth and public foreign assets

The Institute of International Finance (IIF) projected real GDP growth in the oil-exporting countries of the Middle East & North Africa (MENA) region to accelerate from 3.2% in 2021 to 5.9% in 2022 and to 3.9% in 2023, supported mainly by higher oil production and prices. It forecast real GDP in Gulf Cooperation Council (GCC) countries to grow by 6.4% in 2022, in case of higher hydrocarbon production, progress in the rollout of the coronavirus vaccine, the resumption of domestic activity, and the implementation of additional structural reforms. It added that the macroeconomic outlook for the region is subject to downside risks that include the emergence of new variants of the coronavirus that would limit a stronger recovery in the service sector. But it noted that upside risks to the outlook include the easing of geopolitical tensions, particularly between the GCC and Iran, and higher oil and natural gas prices.

In parallel, the IIF forecast the fiscal balance of MENA oil exporters to shift from a deficit of 0.9% of GDP in 2021 to surpluses of 7% of GDP in 2022 and of 3.5% of GDP in 2023, supported by higher oil and gas export receipts. In addition, it expected the fiscal breakeven oil prices of the region's oil exporters to decline in the near term. Further, it forecast the aggregate current account balance of MENA oil-exporting countries to surge from $159bn in 2021 to $445bn in 2022, or 16.5% of GDP, in case oil prices average $101 per barrel this year, with the GCC countries accounting for 84% of the surplus. Also, it expected the large current account and fiscal surpluses in the GCC to increase resident capital outflows to about $390bn in 2022, which will lead the region's aggregate gross public foreign assets to peak at $3.6 trillion, or the equivalent of 195% of GDP, at the end of 2023.
Source: Institute of International Finance

IRAQ

Economic activity to expand by 9% in 2022, outlook subject to uncertainties

The World Bank considered that the recent surge in global oil prices has significantly improved Iraq's economic outlook in the near to medium terms. It projected real GDP growth to accelerate from 1.3% in 2021 to 8.9% in 2022, supported by higher oil prices and the easing of production cuts under the OPEC+ agreement, as well as by a level of oil production that exceeds pre-pandemic levels. It forecast real GDP growth to average 3.8% in the 2023-24 period as oil production rises. Also, it expected activity in the non-oil sector to converge to its long-term potential growth trend, supported in part by an increase in investments that authorities would finance through higher oil revenues. It anticipated oil and non-oil real GDP growth rates to converge to their pre-pandemic levels as oil production increases and the easing of coronavirus-related restrictions restores domestic economic activity.

In parallel, it expected higher oil prices in the near to medium terms to significantly improve Iraq's fiscal and external balances. It projected the fiscal surplus to increase from 4.3% of GDP in 2021 to 11.7% of GDP in 2022 and to moderate to 4.9% of GDP by 2024, as higher oil receipts more than offset the increase in investment expenditures and in other pro-cyclical discretionary spending. As such, it forecast the public debt level to decline from 54.8% of GDP at the end of 2021 to 43.3% of GDP at end-2022 and to reach 41.7% of GDP by the end of 2024. Also, it expected the current account surplus to increase from 8.2% of GDP in 2021 to 10.6% of GDP in 2022 and to average 6.3% of GDP annually in the 2023-24 period, as oil prices and production moderate.

Further, the World Bank considered that upside risks to the outlook include higher oil prices, which would improve the country's fiscal balance. However, it expected the conflict to pose risks to crude oil production if international sanctions on Russia impact the operations of Russian oil companies in Iraq. It added that a protracted government formation process, a deterioration of security conditions, and the ongoing pandemic continue to cloud the prospects of the Iraqi economy.
Source: World Bank

EGYPT

Agencies affirm sovereign ratings, outlook 'stable'

S&P Global Ratings affirmed Egypt's short- and long-term local and foreign currency sovereign credit ratings at 'B', with a 'stable' outlook on the long-term ratings. It indicated that the 'stable' outlook reflects the agency's expectations that the policy response of Egyptian authorities and substantial external financing support will prevent a significant deterioration in the country's fiscal and external balances from rising global commodity prices. It said that Egypt is subject to increased inflationary and external financing pressures due to the sharp rise in commodity prices following Russia's invasion of Ukraine. In parallel, Fitch Ratings affirmed Egypt's and long-term local and foreign currency issuer default ratings at 'B+', with a 'stable' outlook. It indicated that the ratings are supported by the country's recent record of fiscal and economic reforms, its large economy with robust growth rates, as well as by strong support from bilateral and multilateral partners. However, it noted that the ratings are constrained by weak external liquidity amid the country's continued reliance on non-resident investments in the local bond market, and by wide fiscal deficits and an elevated public debt level. Further, Capital Intelligence Ratings (CI) affirmed Egypt's long-term local and foreign currency ratings 'B+', with a 'stable' outlook on the ratings. It indicated that the ratings reflect the country's relative economic resilience, support from countries in the Gulf Cooperation Council, as well as a moderate level of external public debt and prudent fiscal management that has helped maintain a surplus in the primary fiscal balance. But it noted that the ratings are constrained by substantial socioeconomic imbalances, a limited tax base and high expenditures rigidity, and by an elevated public debt level and large gross financing needs.

Source: S&P Global Ratings, Fitch Ratings, CI Ratings

SUDAN

Growth outlook revised downward on political uncertainties

The International Monetary Fund projected Sudan's real GDP to grow by 0.3% in 2022 relative to its January forecast of an expansion of 3.5% for the year. It noted that the growth outlook is subject to the fallout from the October coup in Sudan and to unresolved social tensions that could act as a drag on economic activity and investments. Also, it anticipated the average inflation rate at 245% in 2022 and at 111.4% in 2023. In parallel, it projected Sudan's fiscal deficit to widen from 0.3% of GDP in 2021 to 2.7% of GDP in 2022, and to reach 2.3% of GDP by 2023. In addition, it expected the public debt level to increase from 184.3% of GDP at end-2021 to 284% of GDP at end-2022, but to decline to 217% of GDP by 2023. In parallel, the IMF forecast Sudan's exports of goods & services at $6.6bn in 2022 and $7.4bn next year, and expected the country's imports of goods & services to reach $8.5bn this year and $9.7bn in 2023. As such, it projected the current account deficit to widen from 5.9% of GDP in 2021 to 6.6% of GDP in 2022 and 7% of GDP in 2023. It anticipated the country's gross external debt to increase from 178.8% of GDP at end-2021 to 285.5% of GDP at end-2022, but to decline to 218.3% of GDP by the end of 2023. Also, it forecast Sudan's gross foreign currency reserves at $2.6bn, or 3.2 months of import coverage at end-2022, and at $3bn or 3.4 months of imports at end-2023.

Source: International Monetary Fund

PAKISTAN

Gross external financing needs to increase by $8.4bn in FY2022/23

JPMorgan Chase indicated that rising global energy prices amid tightening financial conditions worldwide have led to a weaker currency, higher inflation rates, and wider current account deficits in Pakistan. It projected the current account deficit to widen from 0.6% of GDP in the fiscal year that ended in June 2021 to 4.8% of GDP in FY2021/22 and to reach 4% of GDP in FY2022/23, due to a higher fuel import bill and a gradual normalization in remittance inflows, despite the slower increase of non-oil imports. It anticipated that the wider current account deficits will lead to an increase in gross external financing requirements by about $8.4bn through FY2022/23. It added that Pakistan is negotiating an extension to its Extended Fund Facility program with the International Monetary Fund and is aiming to secure loan rollovers and additional credit facilities from key bilateral creditors, and expected the authorities to generate the necessary funding to meet external financing requirements with only a small drawdown of foreign currency reserves. Also, it anticipated gross financing needs to increase by an additional $5bn through FY2022/23 in case oil prices average $130 per barrel over the same timeframe, which would widen the gross financing gap and put pressure on foreign currency reserves. It considered that the State Bank of Pakistan would have to further raise its policy rate in the third quarter of 2022 in order to narrow the current account deficit, in case authorities do not commit to sufficient fiscal tightening.

Source: JPMorgan Chase

CÔTE D'IVOIRE

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Côte d'Ivoire's long-term foreign and local currency Issuer Default Ratings at 'BB-', which are three notches below investment grade, with a 'stable' outlook on the ratings. It also affirmed the Country Ceiling at 'BB' and maintained the short-term local and foreign currency IDRs at 'B'. It indicated that the ratings reflect the expectations that the authorities will maintain fiscal prudence and reforms, which will gradually reverse the temporary deterioration in the budget balance and will help stabilize the government's debt level. Also, it said that the ratings take into account the country's current economic growth and its elevated dependence on commodities. It projected the fiscal deficit to shrink from 5% of GDP in 2021 to 4.8% of GDP in 2022 and 3.8% of GDP in 2023, in case of better-than-expected GDP growth rates and improvements in tax administration. Further, it forecast the government's debt level to reach 52% of GDP at end-2022 and anticipated it to stabilize at a lower level in the medium term, as a result of narrower budget deficits and strong growth. It pointed out that the current level of foreign currency reserves provides flexibility to monetary policy, despite higher oil prices that will lead to a drop in the reserves coverage. In parallel, it said that it could take a negative rating action on the sovereign if security conditions and political stability deteriorate, if the government's debt increases, and if the country's macroeconomic activity slows down in the medium-term. But it noted that it may take a positive rating action on the sovereign in case of an increase in GDP per capita, sustained progress in governance indicators, or further efforts to maintain fiscal discipline.

Source: Fitch Ratings

EMERGING MARKETS

Bank lending largely unaffected by impact of pandemic

The Financial Stability Board (FSB) indicated that the COVID-19 outbreak resulted in a severe shock to global financial markets that led to the sell-off of risk-prone assets and large corrections in the prices of emerging markets (EMs) assets. It indicated that the sharp rise in bond spreads resulted in the sudden tightening of financial conditions and a substantial drop in the issuance of debt, which has limited the ability of EM borrowers to access market funding. It added that the significant depreciation of the exchange rates of EM currencies further increased US dollar funding costs for borrowers that did not hedge for this risk. Further, it indicated that the coronavirus shock, combined with the sharp drop in global oil prices, led non-resident investors to pull out from EMs, which resulted in large-scale capital outflows. In parallel, the FSB said that lending by EM banks did not decline, despite the severe impact on portfolio flows, and that EM banking systems absorbed the shocks rather than amplified them. Also, it noted that bank lending in EM economies expanded, mainly through corporates drawing heavily on their credit lines from banks. It added that the measures that EM authorities took, such as central bank liquidity support, the temporary relaxation of compliance requirements and extending deadlines for implementing the Basel III framework, also helped banks to continue extending credit. Further, it considered that the depreciation of EM exchange rates may have facilitated the transmission of the global shock to local currency markets.

Source: Financial Stability Board

SAUDI ARABIA

Agency affirms ratings on eight banks, outlook revised to 'positive'

Fitch Ratings affirmed the long-term local and foreign currency Issuer Default Ratings (IDRs) of Riyad Bank, The Saudi British Bank (SABB), Banque Saudi Fransi, Arab National Bank, Alinma Bank, Saudi Investment Bank, Bank Aljazira and Gulf International Bank - Saudi Arabia at 'BBB+'. It also revised the outlook on the ratings from 'stable' to 'positive'. It attributed the outlook revision to its similar action on the outlook on the sovereign ratings of Saudi Arabia. It indicated that the IDRs of the eight banks reflect a high probability of government support, in case of need, due to the authorities' strong ability and willingness to provide buffers to domestic banks irrespective of their size, franchise, funding structure and level of government ownership. It added that elevated contagion risks among domestic banks constitutes an added incentive for the Saudi authorities to support banks, in order to preserve market confidence and stability. Also, it said that the ratings of Riyad Bank and SABB are underpinned by their intrinsic creditworthiness. In addition, it considered that banks may require support if the sovereign's balance sheet comes under pressure, as a significant proportion of the Saudi banks' funding originates from the government. Further, it pointed out that a downgrade of the sovereign ratings and a lower tendency by the government to support the banking system could lead to a negative rating action on banks. But, the agency considered that the probability of this scenario is very low, given the positive outlook on the Kingdom.

Source: Fitch Ratings

QATAR

Banking sector vulnerable to investor sentiment and deposit outflows

Moody's Investors Service indicated that the Qatari banking sector relies heavily on foreign funding that reached 39% of its total liabilities at the end of 2021, the second highest level among Gulf Cooperation Council economies after Bahrain. It noted that the dependence on foreign funding could increase the banks' vulnerability in times of crisis, as risk averse investors tend to repatriate funds, which would leave the banking system susceptible to sudden and substantial deposit outflows. Further, it said that deposits related to the hydrocarbon sector will help moderate the pace of foreign funding growth in the coming quarters as a result of the increase in deposits from the government and government-related entities. But it noted that the authorities' ongoing reform efforts, along with a successful economic diversification strategy, could expand domestic funding sources in the near term. Also, it stated that the banks' diversification of their sources of funds would mitigate the banks' vulnerability to changes in investor sentiment and potential shocks. It noted that authorities are encouraging the lengthening and the placement of deposits at the Qatar Central Bank, in order to mitigate funding risks arising from foreign financing. It added that the Qatari government has the capacity to repatriate a sizeable part of its foreign assets to support the liquidity of the banking sector, in the event of sudden and substantial outflows of deposits.

Source: Moody's Investors Service

OMAN

Banking sector outlook changed to 'sable' on improved operating environment

Moody's Investors Service revised the outlook on the Omani banking system from 'negative' to 'stable', due mainly to the partial recovery of the operating environment in the country. It noted that the authorities removed most of the remaining coronavirus-related mobility restrictions, which would support the recovery of activity in the non-oil sector and lead to a rebound in consumer and business confidence. Also, it did not expect Russia's invasion of Ukraine to affect banks in Oman, given their limited direct exposure to the two countries. Further, it projected problem loans to increase from 3.6% at end-2021 to 4.5% in 2022, as authorities are gradually lifting forbearance measures. It noted that high concentrations of loans to single borrowers and sectors, and the country's limited economic diversification, increase credit risks significantly. In parallel, it pointed out that banks are maintaining robust capital buffers and stable profitability, driven by their solid earnings and good profit retention. Also, it expected that deposit growth will continue to lag loan demand, due to the elevated borrowing of the government and of the private sector and to the high dependence of the economy on the oil sector, as the drop in oil prices in previous quarters has slowed the rate of deposit growth, which has kept funding flows relatively tight. It said that the banks' overreliance on government deposits, which account for about 33% of the sector's deposits, constitute a key risk for the sector. Further, it indicated that Omani banks benefit from ample liquidity buffers, but it considered that the government has limited fiscal capacity to support the banking sector in case of need, despite the authorities' willingness to provide buffers.

Source: Moody's Investors Service

Oil prices to average $99 p/b in second quarter of 2022

ICE Brent crude oil front-month prices averaged $100 per barrel (p/b) in the first four months of 2022, constituting a surge of 60.6% from $62.2 p/b in the same period last year, mainly due to Russia's invasion of Ukraine and to the European Union's plan to phase out imports of Russian oil, which would keep the oil market tight in the near term. In parallel, the World Bank expected oil prices to decline to $92 p/b in 2023 due to an increase in oil output worldwide, but to remain above $60 p/b in the 2016-21 period. It indicated that the duration of the war in Ukraine and the disruption to Russia's energy exports pose upside risks to oil prices, while downside risks include a slowdown in global economic growth with the potential risk of a recession, as well as the current lockdowns in China that could affect oil demand. Further, the International Energy Agency projected global energy consumption to increase by 2 million barrels per day (b/d) to 99.4 million b/d in 2022, slightly below its 2019 level, despite the steep decline in demand for oil in Russia and slower growth in China. It forecast global oil production to rise by 1.7 million b/d in 2022, as member countries of the OPEC+ coalition continues to unwind their production cuts and the U.S. could increase its output by nearly 1.3 million b/d. Also, it expected Russia's oil exports to decrease by 2.5 million b/d in 2022, or by about 30% of the country's total production, as several countries plan to reduce their oil imports from Russia. In addition, Citi Research projected oil prices to average $99 p/b in the second quarter, $87 p/b in the third quarter, and $73 p/b in the fourth quarter of 2022.
Source: World Bank, International Energy Agency, Citi Research, Refinitiv, Byblos Research

Saudi Arabia's oil exports receipts up 78% in February 2022

Total oil exports from Saudi Arabia amounted to 9 million barrels per day (b/d) in February 2022, representing an increase of 7% from 8.4 million b/d in January 2022 and a rise of 31.3% from 6.8 million b/d in February 2021. Further, oil export receipts reached $22.4bn in February 2022, nearly unchanged from $22.3bn in January 2022, and surged by 78% from $12.6bn in February 2021.
Source: JODI, General Authority for Statistics, Byblos Research

ME&A's oil demand to grow 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 23.5% of demand in non-OECD countries and 12.6% of global consumption this year.
Source: OPEC

Global steel output up 13% in March 2022

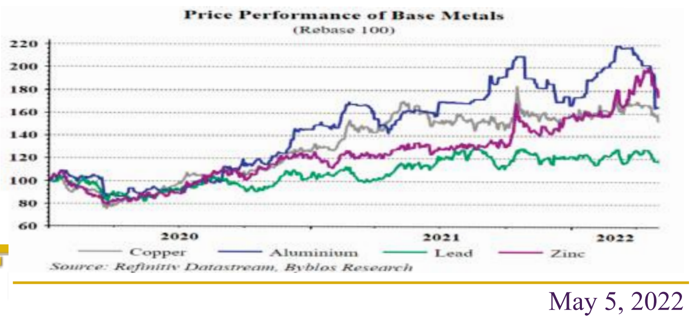
Global steel production reached 161 million tons in March 2022, constituting an increase of 12.8% from 142.7 million tons in February 2022 and a decline of 4.8% from 169.2 million tons in March 2021. Production in China totaled 88.3 million tons and accounted for 54.8% of global output in March 2022. India followed with 10.9 million tons, or 6.8% of the total, then Japan with 8 million tons (5%), the U.S. with 7 million tons (4.3%), Russia with 6.6 million tons (4.1%), and South Korea with 5.7 million tons (3.5%).
Source: World Steel Association, Byblos Research

Base Metals: Aluminum prices to average $3,450 per ton in second quarter of 2022

The LME cash price of aluminum averaged $3,242.2 per ton in the first four months of 2022, constituting a surge of 50.5% from an average of $2,155 a ton in the same period last year. The rise in prices was mainly driven by strong demand for the metal, decreasing LME-registered inventories, as well as by concerns about supply tightness amid China's commitment to reduce carbon emissions through production cuts in the aluminum industry. Further, prices decreased from an all-time high of $3,877.5 per ton on March 4 of this year to $2,919.2 per ton on May 4, 2022 amid a slowdown in economic activity in China, the world's largest consumer of the metal, due to the implementation of COVID-19-related restrictions. In parallel, Citi Research projected the refined supply of aluminum at 68.4 million tons in 2022 relative to 67.4 million tons in 2021. Also, it forecast refined demand for the metal at 69.7 million tons this year compared to 68.4 million tons in 2021. Further, it expected the global aluminum market to remain tight in the near term due to anticipations of an economic recession in Europe in 2023, persistent lockdowns in China, and sanctions on Russian metals exports. Also, Standard Chartered Bank forecast aluminum prices to average $3,450 per ton in the second quarter, $3,325 per ton in the third quarter, and $3,180 a ton in the fourth quarter of 2022.
Source: Citi Research, Standard Chartered Bank, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $1,025 per ounce in second quarter of 2022

Platinum prices averaged $1,011 per troy ounce in the first four months of 2022, constituting a decrease of 13.8% from an average of $1,173 an ounce in the same period last year, due mainly to global chip shortages in the automotive sector that have restrained the demand for the metal. Further, platinum prices regressed from a recent high of $1,151 per ounce on March 8, 2022 to $972 an ounce on May 4, 2022, driven by the expected slowdown in global economic growth, which put downward pressure on the metal's price. In parallel, Citi Research projected global demand for platinum to reach 7.6 million ounces in 2022 and to increase by 4.7% from 7.3 million ounces in 2021. Also, it forecast the global supply of platinum to decrease by 2.7% from 8.2 million ounces in 2021 to 7.9 million ounces in 2022, with mine output representing 75.5% of global refined platinum production in 2022. In addition, it projected platinum prices to be highly volatile in the short term due to geopolitical uncertainties. In addition, it expected platinum prices to expand in the long term, driven by a recovery of autocatalyst demand due to the substitution of palladium to platinum in the production of electrical vehicles batteries. Moreover, Standard Chartered Bank forecast platinum prices to average $1,025 per ounce in the second quarter, $1,100 an ounce in the third quarter, and $1,200 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 Congo	B-	Caa1	-	-	CCC								
	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		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	1.00	04-May-22	Raised 50bps	N/A
Eurozone	Refi Rate	0.00	14-Apr-22	No change	09-Jun-22
UK	Bank Rate	1.00	05-May-22	Raised 25bps	N/A
Japan	O/N Call Rate	-0.10	28-Apr-22	No change	17-Jun-22
Australia	Cash Rate	0.35	03-May-22	Raised 25bps	N/A
New Zealand	Cash Rate	1.50	13-Apr-22	Raised 50bps	25-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	01-Jun-22
Emerging Markets					
China	One-year Loan Prime Rate	3.70	20-Apr-22	No change	20-May-22
Hong Kong	Base Rate	1.25	05-May-22	Raised 50bps	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	08-Apr-22	No change	N/A
UAE	Repo Rate	2.25	04-May-22	Raised 50bps	N/A
Saudi Arabia	Repo Rate	1.75	04-May-22	Raised 50bps	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	12.75	04-May-22	Raised 100bps	N/A
Armenia	Refi Rate	9.25	03-May-22	No change	14-Jun-22
Romania	Policy Rate	3.00	05-Apr-22	Raised 50bps	10-May-22
Bulgaria	Base Interest	0.00	29-Apr-22	No change	27-May-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	14.00	29-Apr-22	Cut 300bps	10-Jun-22

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