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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Outstanding sustainable debt securities at $3.8 trillion at end-March 2022

Figures released by the Institute of International Finance indicate that global outstanding sustainable debt reached $3.8 trillion (tn) at the end of March 2022, constituting an increase of 12% in the first quarter of the year from $3.4tn at end-2021. Sustainable debt securities issued by developed markets amounted to $2.7tn at the end of March 2022 and accounted for 72.2% of the total, followed by emerging markets sustainable debt with $528bn (14%), sustainable debt securities issued by supranational institutions with $427bn (11.3%), and by offshore financial centers with $99bn (2.6%). In addition, the aggregate amount of outstanding sustainable bonds was $2.6tn at end-March 2022, or 69.2% of global sustainable debt securities, while loans extended to green and sustainability-linked projects reached $1.2tn (30.8% of the total). The distribution of sustainable bonds shows that green bonds amounted to $1.4tn at the end of March 2022, and represented 54.2% of the total, followed by sustainability bonds with $459bn (17.5%), social bonds with $432bn (16.5%), sustainability-linked bonds with $147bn (5.6%), green asset-backed securities with $87bn (3.3%), and green municipal bonds with $77bn (3%). Further, sustainability-linked loans reached $731bn, or 62.5% of the total, while green loans amounted to $438bn (37.5% of the total).
Source: Institute of International Finance

MENA

Remittance inflows up 8% to $62bn in 2021

The World Bank estimated remittance inflows to Arab countries at $62bn in 2021, constituting an increase of 7.7% from $57.5bn in 2020, compared to a rise of 5.4% in 2020 and of 4.8% in 2019. Further, inflows to Arab countries accounted for 8% of global remittance flows and for 10.2% of remittances to developing economies in 2021. The Arab region was the second-smallest recipient among developing markets, ahead of only Sub-Saharan Africa ($49bn). Also, the increase in remittance inflows to Arab countries in 2021 was the second smallest among developing economies, after only South Asia (+6.9%). In parallel, Egypt was the largest Arab recipient of remittances with $31.5bn or 50.8% of the total in 2021, followed by Morocco with $10.4bn (16.7%), Lebanon with $6.6bn (10.7%), Jordan with $3.6bn (5.9%), Palestine with $3.5bn (5.7%), Tunisia with $2.2bn (3.5%), Algeria with $1.8bn (2.8%), Qatar with $859m (1.4%), and Iraq with $475m (0.8%); while the remaining six Arab countries received $1.1bn in remittances, or 2% of the total. Remittance inflows to Morocco increased by 39.8% last year, followed by flows to Qatar (+31.8%), to Palestine (+14.5%), to Egypt (+6.4%), and to Algeria (+2.4%); while remittance inflows to Iraq decreased by 28.6%, followed by flows to Djibouti (-18.2%), to Sudan (-13%), to Kuwait (-12.4%), to Saudi Arabia (-11.7%), to Jordan (-7.7%), to Lebanon (-5.4%), and to Tunisia (-4.2%). Remittance inflows to Lebanon were equivalent to 53.8% of GDP in 2021, the highest in the world, followed by Palestine at 20% of GDP, Jordan at 8% of GDP, Morocco at 7.9% of GDP, and Egypt at 7.8% of GDP. When excluding Syria, remittance inflows to Arab countries were equivalent to about 2.2% of the region's GDP last year.
Source: World Bank, Byblos Research

EMERGING MARKETS

Infrastructure projects with private participation up 49% to $76bn in 2021

Figures released by the World Bank show that investment commitments in infrastructure projects with private participation, or public-private investments (PPIs), in developing economies totaled $76.2bn in 2021, constituting an increase of 49.4% from $51bn in 2020. It said that PPIs in the transportation sector reached $43.8bn in 2021, or 57.5% of the total, followed by projects in the energy field with $22.4bn (29.4%), investments in the water & sewage sector with $9.9bn (13%), and PPIs in municipal solid waste with $161m (0.2%). On a regional basis, East Asia & the Pacific attracted $28.1bn in PPIs in 2021 and accounted for 36.8% of the total last year, followed by Latin America & the Caribbean with $18.6bn (24.4%), Europe & Central Asia with $15bn (19.7%), South Asia with $8.7bn (11.4%), Sub-Saharan Africa with $5.2bn (6.8%), and the Middle East & North Africa region with $626m (0.8%). In parallel, there were 240 infrastructure projects financed through PPIs in 2021, down by 4.4% from 251 such projects in 2020. PPI projects consisted of 102 projects in the energy sector, 82 projects in transportation sector, 44 projects in the water & sewage sector, and 12 projects in municipal solid waste. Further, 50 developing economies attracted PPIs in 2021 relative to 45 countries in 2019.
Source: World Bank

KUWAIT

Profits of listed companies up 321% to $10bn in 2021

The cumulative net profits of 161 companies listed on Boursa Kuwait totaled KD3.2bn, or $10.3bn in 2021, constituting a surge of 320.8% from KD753.63m ($2.5bn) in 2020. Earnings reached KD465.2m ($1.5bn) in the first quarter, KD545.5m ($1.77bn) in the second quarter, KD1.8bn ($5.7bn) in the third quarter, and KD452.8m ($1.47bn) in the fourth quarter of 2021. Industrial companies generated net profits of $3.5bn in 2021 and accounted for 34% of total earnings, followed by listed banks with $3.4bn (33.6%), financial services providers with $1.06bn (10.3%), real estate companies with $876.6m (8.5%), telecommunications firms with $811.7m (8%), insurers with $286.6m (2.8%), consumer services companies with $198.2m (2%), utilities providers with $44m and oil & gas companies with $41m (0.4% each), basic materials firms with $16.3m (0.2%), healthcare providers with $11.4m (0.1%), and consumer goods firms with $2.3m (0.02%). In parallel, technology firms posted net losses of $2m in 2021. Further, the net earnings of the oil & gas sector rose by 199.5% in 2021, followed by the income of insurers (+108.3%), industrial firms (+107%), banks (+79.2%), telecommunications firms (+13%), and utilities providers (+9.8%). In contrast, the income of consumer goods and healthcare companies decreased by 94% and 12.5%, respectively, in 2021, while the net losses of technology firms decreased by 14.3%. Further, the results of listed basic materials firms, financial services providers, real estate companies and consumer services firms shifted from aggregate losses of $472.4m in 2020 to net profits of $2.2bn in 2021.
Source: KAMCO

OUTLOOK

WORLD

Output losses from Ukraine war projected at 0.7 percentage points of GDP in 2022

The World Trade Organization (WTO) expected that the direct effects of the war in Ukraine and consequent policies and sanctions could reduce global real GDP growth by up to 0.7 percentage points (ppts) in 2022. It noted that the direct effect of the war on the global economy is limited given Ukraine's small economy, but pointed out that the impact of the sanctions on Russia will materialize from rising trade costs leading to reduced exports as well as higher energy and intermediate input prices, which, in turn, would lead to a reduction in the real income of households. It anticipated that the impact on global GDP growth could be a decline of 1.3 ppts once aggregate demand effects are taken into account, through reduced consumption and investment as a result of increased uncertainties and elevated global energy and food prices. As such, it forecast global real GDP growth at between 3.1% and 3.7% in 2022, compared to the International Monetary Fund's prediction of an expansion of 4.4% this year.

Further, it anticipated the expansion in global trade to slow down substantially in 2022 as a result of the direct and indirect impacts of the war in Ukraine. It considered that the reduction in global trade will be steeper than the expected decline in real GDP, and expected the expansion in global trade to decelerate from a previous forecast of 4.7% to between 2.4% and 3% this year, as most of the sanctions are directly related to trade flows and will affect international trade flows more than domestic production.

The WTO based its projections on simulations about the short-term impact of the war in Ukraine and the sanctions imposed on on Russia on global trade. It said that the simulations take into account the direct effects of the war on the Ukrainian economy, the impact of the different sanctions on Russia, the impact of a reduction in aggregate demand around the world and declining consumer and business confidence, the possibility of cascading export restrictions and the potential consequent rise in food prices worldwide, as well as the formation of two economic blocs in the long run as a result of a more permanent economic fragmentation.
Source: World Trade Organization

ALGERIA

Real GDP growth to average 2.3% annually in 2022-23 period

The World Bank projected real GDP growth in Algeria to decelerate to 3.2% in 2022 from 3.9% in 2021. It anticipated economic activity this year to be supported by the expansion in public and energy investments, despite weak agricultural output, a slow recovery in the labor market and elevated inflation rates that will erode the purchasing power of consumers. Also, it expected activity in the hydrocarbon sector to increase in 2022 due to the easing of oil production cuts under the OPEC+ agreement and as European economies diversify away from Russian gas towards Algerian gas output. Further, it forecast real GDP growth at 1.3% in 2023 as it anticipated activity in the hydrocarbon sector to normalize next year.

In parallel, it expected Algeria's public finances to significantly improve, supported by higher global energy prices and a recovery in tax receipts, which will offset the anticipated limited increase in public spending. As such, it projected the fiscal balance to shift from a deficit of 3.5% of GDP in 2021 to a surplus of 0.7% of GDP next year, and for the public debt level to decline from 61.2% of GDP at the end of 2021 to 51.8% of GDP by end-2022. Further, it projected the current account balance to shift from a deficit of 2.8% of GDP this year to a surplus of 4.7% of GDP in 2022, mainly due to higher hydrocarbon receipts, despite a moderate recovery in the imports of inputs and equipment related to higher investments. It anticipated the fiscal and external balances to shift back into deficits in the medium term, in case of lower hydrocarbon export volumes and prices.

The World Bank considered that fast-tracking the implementation of the government's structural reform agenda will be critical to accelerate the economic recovery, reduce Algeria's reliance on hydrocarbon exports, reduce macroeconomic imbalances, diversify the economy, as well as promote private sector-led growth.
Source: World Bank

EGYPT

External financing needs to exceed $27bn in 2022

Goldman Sachs indicated that Egypt's balance of payments has come under pressure as a result of Russia's invasion of Ukraine. It anticipated that rising global wheat prices and the loss of Ukrainian and Russian tourists could lead the current account balance to deteriorate by up to $8bn, or the equivalent of less than two percentage points of GDP in 2022. But it expected the trade deficit to narrow slightly this year, in case the hydrocarbons trade balance improves due to higher liquefied natural gas exports and a slowdown in import growth following the recent devaluation of the Egyptian pound. Also, it projected the services balance to marginally improve in 2022, supported by a recovery in tourism from countries in the Gulf Cooperation Council (GCC) and Europe, and from an increase in Suez Canal receipts, despite the loss of Ukrainian and Russian tourists. As such, it forecast the current account deficit to narrow from $18.6bn, or the equivalent of 4.3% of GDP in 2021 to $17.5bn, or 4.1% of GDP in 2022.

In parallel, it noted that capital outflows since the start of the Ukrainian war have exacerbated pressures on the current account balance and have led to a sharp fall in the net foreign assets of the Central Bank of Egypt in February and March of 2022. It expected that the recent devaluation of the pound, support from GCC countries and the potential $6bn program with the International Monetary Fund would help diminish medium-term financing risks and support investor confidence. Further, it anticipated Egypt's external financing needs to exceed $27bn in 2022, including external debt repayments of nearly $10bn. It also forecast financing requirements to remain elevated in the medium term despite narrower current account deficits. In addition, it expected foreign direct investments to recover significantly in the next two years as part of the GCC countries' announced support package, while it projected net portfolio inflows of $2.5bn in 2022 and for sovereign external issuance to pick up in the medium term. As a result, it considered that the government's external financing needs are manageable, and forecast foreign currency reserves at $28.3bn at the end of 2022, $44.1bn at end-2023 and at nearly $45bn by the end of 2024.
Source: Goldman Sachs

ECONOMY & TRADE

UAE

Domestic debt markets to diversify funding options

Fitch Ratings expected that the decision of the United Arab Emirates' federal government to issue debt denominated in UAE dirhams will broaden the sovereign's range of funding options. But it considered that the most significant impact of this decision would be the development of local-currency debt capital markets. It pointed out that bank loans and foreign currency-denominated bonds are currently the main sources of funding for private companies and sub-sovereign entities in the UAE. As such, it expected that the diversification of funding options could make borrowing easier and cheaper for private sector firms, for government-related entities (GREs) and for local emirates. It also expected debt issuance on public markets to lead to improved financial disclosures, including for GREs. It estimated the aggregate contingent liabilities from GREs at about 87% of GDP, and considered that greater transparency and a more diversified funding base could alleviate risks to the sovereign. Further, it said that authorities intend to place all the proceeds from the local currency-denominated debt issuance in highly liquid assets with the Central Bank of the UAE. As such, it did not expect domestic issuance to significantly increase risks to the debt sustainability of the UAE's federal government. In parallel, S&P Global Ratings said that the UAE's issuance of dirham-denominated securities could gradually improve the effectiveness of the country's monetary policy transmission mechanism, with the deepening of the local currency debt market. It added that the development of a secondary market for local currency debt could allow the creation of a risk-free pricing benchmark for dirham-denominated debt in the longer term, which would broaden the sources of funding for UAE entities.

Source: Fitch Ratings, S&P Global Ratings

IRAN

Ratings affirmed, outlook revised to 'stable'

Capital Intelligence Ratings affirmed Iran's short- and long-term foreign and local currency ratings at 'B'. Also, it revised the outlook from 'negative' to 'stable' on the long-term ratings. It indicated that the ratings are constrained by substantial macroeconomic risks, high budgetary and external liquidity pressures, elevated external political risks, and significant socioeconomic challenges. It added that, despite the country's very low external debt level, the authorities' ability to service the debt on time has weakened due to U.S. sanctions on Iran and to the Financial Action Task Force's placement of Iran in February 2020 on its list of "high-risk jurisdictions" for money laundering and terrorism financing. In parallel, it attributed the outlook revision to elevated hydrocarbons and commodities prices that reduced pressure on the budget deficit and external liquidity buffers. Further, it pointed out that the government continues to rely on funding from the Central Bank of Iran, given the country's very limited access to international borrowing. The agency indicated that it could revise the outlook on the long-term ratings to 'positive' in case Iran and the U.S. agree on reviving the nuclear agreement, the U.S. lifts its sanctions, and external political tensions significantly recede. It added that it could lower the ratings by one notch or more in case of an escalation in external political tensions or a materialization of large contingent liabilities for the central government.

Source: Capital Intelligence Ratings

NIGERIA

Outlook contingent on oil prices and global financial conditions

The International Monetary Fund projected Nigeria's real GDP growth at 3.4% in 2022 relative to its January forecast of an expansion of 2.7% for the year. It noted that the growth outlook has improved amid higher oil prices and a stronger-than-anticipated recovery of the manufacturing and agriculture sectors. But it indicated that the outlook is subject to elevated uncertainties associated with oil prices and global financial conditions. Also, it projected the average inflation rate at 16% in 2022 and 13% in 2023, despite the volatility of the exchange rate on the parallel market that could weigh on economic growth and weaken investment. It considered that removing exchange rate distortions would support the economy's competitiveness. In parallel, it projected Nigeria's fiscal deficit to widen from 6% of GDP in 2021 to 6.4% of GDP in 2022, and to reach 5.9% of GDP by 2023. It said that the government's ongoing energy subsidies could lead to a deterioration in the fiscal balance despite higher oil receipts. In addition, it expected the public debt level to rise from 37% of GDP at end-2021 to 37.4% of GDP at end-2022 and to 38.8% of GDP by 2023. In parallel, it forecast Nigeria's exports of goods & services at 14.2% of GDP in 2022, and expected imports of goods & services to reach 33.2% of GDP this year. As such, it projected the current account deficit to widen from 0.8% of GDP in 2021 to 1.1% of GDP in 2022 and in 2023. Also, it forecast gross foreign currency reserves at 6.5 months of import coverage at end-2022 and at seven months of imports at end-2023.

Source: International Monetary Fund

MOROCCO

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Morocco's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BB+', which are one notch 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 attributed the affirmation of the ratings to the country's record of macroeconomic stability and low inflation rates, to a moderate share of government debt denominated in foreign currency, and to relatively comfortable external liquidity buffers. It pointed out that the ratings are constrained by weak development and governance indicators, an elevated public debt level, as well as fiscal and current account deficits that are wider than rated peers. Further, it said that social instability and fluctuations in global commodity prices will weigh on the public finances in 2022. It expected the central government fiscal deficit at 6.6% of GDP in 2022 and 6% of GDP in 2023. In parallel, the agency indicated that it could upgrade the ratings in case the fiscal deficit narrows and the public debt level declines significantly in the medium term, if the current account deficit narrows and reverses the recent increase in the net external debt level, and/or in case of stronger medium-term growth prospects. Also, it noted that it could downgrade the ratings in case of a higher-than-expected rise in the public debt level or the materialization of contingent liabilities on the sovereign's balance sheet, if foreign currency reserves decline, and/or in case of social instability that would affect the country's macroeconomic performance or lead to significant fiscal slippages.

Source: Fitch Ratings

BANKING

ARMENIA

Banks' NPLs ratio declines to 3.6%, CAR at 17.2%

The International Monetary Fund indicated that the Armenian banking sector's capital adequacy ratio (CAR) stood at 17.2% at the end of 2021, well above the minimum regulatory requirement of 12%, due to tightening lending standards, as well as to the redirecting of lending to more profitable sectors where borrowers have a higher ability to repay their loans, which helped reduce the risk profile of their balance sheets. It noted that the banks' liquid assets represented 32% of total assets at end-2021, up from 25.6% at end-2020, while they were equivalent to 122.7% of short-term liabilities at end-2021 compared to 109% at end-2020. Also, it said that the banking sector's non-performing loans (NPLs) ratio declined from its peak of 7.4% at end-February 2021 to 3.6% at end-January 2022, driven by the write-off of some loans and by the improvement in the banks' asset quality. In parallel, it considered that the banks should use their capital and liquidity buffers in case the impact of the war in Ukraine puts significant pressure on their balance sheets. It stated that Armenian banks would have to establish new and direct correspondent relationships with Western banks to maintain the smooth flow of cross-border foreign exchange payments, given that they heavily depend on Russian banks for most of their correspondent banking relationships with their Western counterparts. Also, it stated that the ongoing supervisory initiatives of the Central Bank of Armenia and the banks' existing buffers should help preserve the financial stability of the sector, mainly by continuing efforts to reduce the dollarization rates of deposits and lending, maintaining exchange rate flexibility, and strengthening banking supervision.

Source: International Monetary Fund

IRAQ

Agencies take rating actions on banks

Moody's Investors service assigned local and foreign currency long-term bank deposit ratings of 'Caa1' to the Iraqi Middle East Investment Bank (IMEIB), and of 'Caa2' to Al-Anssari Islamic Investment and Financing Bank (AIIFB), Al Qabidh Islamic Bank for Finance and Investment (QIBFI), and Mosul Bank for Development and Investment (MBDI). Also, it assigned a baseline credit assessment (BCA) of 'caa1' to IMEIB, and a BCA of 'caa2' to AIIFB, QIBFI and MBDI, with a 'stable' outlook on the long-term ratings. It noted that the ratings of the four banks reflect the agency's expectation that they will maintain strong capital adequacy and ample liquidity buffers. It noted that the banks' ratings are constrained by their weak asset quality and sizeable exposure to the Central Bank of Iraq, which links their credit profile to the Iraqi government's non-investment grade sovereign rating. It said that weak profitability ratios are weighing on the ratings of AIIFB, IMEIB and QIBFI, while tight funding profiles constrain the ratings of AIIFB and QIBFI. In parallel, Fitch Ratings assigned a long-term issuer default rating (IDR) of 'CCC+' to Gulf Commercial Bank. It said that the rating balances the bank's adequate capital and liquidity ratios against its weak franchise, modest profitability and unstable business model in the highly volatile operating environment of Iraq. Further, it affirmed the long-term IDR of Trade Bank of Iraq at 'B-', with a stable outlook. It said that the bank's IDR reflects its improving asset quality, stronger profitability, adequate capital buffers, and satisfactory liquidity.

Source: Moody's Investors service, Fitch Ratings

UAE

Banks to benefit from high oil prices and rate rises

Fitch Ratings affirmed the long-term Issuer Default Ratings of all rated banks in the United Arab Emirates (UAE) and maintained the 'stable' outlook on the ratings. Further, it revised the outlook on the operating environment for UAE banks from 'negative' to 'stable', given that the financial sector is recovering to pre-pandemic levels amid improving operating conditions, due to high oil prices and rising interest rates in the 2022-23 period. In addition, it pointed out that the average Stage 3 loans ratio of rated UAE banks increased from 6.6% at the end of 2020 to 7% at end-2021, as the government gradually lifted forbearance measures. But it expected the ratio to slightly decline in the near term, due to the pick up in credit growth and improving economic conditions. In parallel, it expected banks in the UAE to benefit from the U.S. Federal Reserve's upcoming increases in interest rates, as it will lead in turn the Central Bank of the UAE to raise rates, given the peg of the UAE dirham to the US dollar. It estimated that an increase in interest rates by 200 basis points would lead to a rise of 11% in the banks' operating income and to an uptick of 40 basis points in their operating profit-to-risk-weighted assets ratio. Further, it considered that elevated oil prices, strong economic activity and rising interest rates would help the banking sector's profitability in 2022 to return to pre-pandemic levels. It also expected oil prices to support liquidity buffers in the banking sector, given the banks' high exposure to corporate loans that constitute 78% of total loans.

Source: Fitch Ratings

QATAR

Banking sector assessment maintained

S&P Global Ratings maintained Qatar's banking sector in 'Group 5' under its Banking Industry Country Risk Assessment (BICRA), with the economic risk score at '5' and the industry risk score at '6'. The BICRA framework evaluates banking systems based on economic and industry risks facing a banking sector, with 'Group 10' including the riskiest sectors. Other countries in the BICRA 'Group 5' are Italy, Panama, Peru, and the United Arab Emirates. The agency said that Qatar's economic risk score reflects "low risks" in its economic resilience, as well as "high risks" in its economic imbalances and in credit risk in the economy. It noted that economic imbalances originate from the rapid lending growth that reached 11% in 2020, as well as from the banks' exposure to the real estate sector. It projected loans to the private sector to reach the equivalent of 140% of GDP in 2022. Also, it indicated that the increase in leverage will be balanced by sufficient wealth levels and the expansion of liquid natural gas production. It forecast the banking sector's non-performing loans ratio to increase from 2.6% in 2019 to 3.5% in 2022, as authorities will lift forbearance measures at the end of July 2022, and noted that Qatari banks have ample buffers to absorb unexpected losses. In parallel, S&P said that the industry risk score highlights the sector's "intermediate risks" in its institutional framework and competitive dynamics, as well as "very high risks" in system-wide funding. It indicated that the banks' heavy reliance on external funding is a major risk due to the volatility of such funding. It added that the trend for industry and economic risks is 'stable'.

Source: S&P Global Ratings

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

ICE Brent crude oil front-month prices have been volatile so far in May 2022, trading at between $102.5 per barrel (p/b) and $114.2 p/b, due to several factors that are affecting investors' outlook for the global oil market. Oil prices have been mainly supported by rising geopolitical risks following Russia's invasion of Ukraine, increased global supply disruptions, as well as the easing of coronavirus-related restrictions in Shanghai that could boost oil demand in the near term. Further, Brent oil prices reached $109.1 p/b on May 18, 2022 and declined by 2.5% from the previous day, as refiners in the U.S. ramped up output in response to tight inventories. In parallel, the International Energy Agency projected the global demand for oil to rise by 3.6 million b/d from between April and August of this year, as demand for jet fuel is projected to increase during the summer. Also, it forecast global oil consumption to rise to an average of 490,000 b/d in the second half of 2022 on a more moderate economic expansion and higher oil prices. It expected that the gradual increase in oil output from OPEC+ members and from the United States, as well as a slowing increase in demand, will prevent severe global supply shortfalls amid the shift from Russian oil. As such, it projected oil output from the world excluding Russia to rise by 3.1 million b/d for the remainder of the year. In addition, JPMorgan Chase & Co., indicated that Iraq and Saudi Arabia are committed to raise production capacity by one million b/d each by 2027, backed by continued confidence in demand growth. Further, Standard Chartered Bank 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: IEA, JPMorgan Chase & Co., Refinitiv, Byblos Research

OPEC's oil basket price down 7% in April 2022

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $105.64 per barrel (p/b) in April 2022, down by 7% from $113.48 p/b in March 2022. Algeria's Sahara blend price was $109.37 p/b, followed by Kuwait export at $107.46 p/b, and Saudi Arabia's Arab Light at $104.87 p/b. All prices in the OPEC basket posted monthly decreases of between $4.72 p/b and $16.3 p/b in April 2022.
Source: OPEC

Middle East's jewelry demand up 18% in first quarter of 2022

Demand for jewelry in the Middle East totaled 46.6 tons in the first quarter of 2022, constituting an increase of 18% from 39.4 tons in the same period of 2021 and accounted for 9.8% of global jewelry demand. Demand for jewelry in the UAE reached 12.5 tons in the covered quarter, representing 26.8% of the region's demand. Saudi Arabia followed with 9.1 tons (19.5%), then Iran with 8.4 tons (18%), Egypt with 7.7 tons (16.6%), and Kuwait with 3.1 tons (6.7%).
Source: World Gold Council, Byblos Research

OPEC oil output nearly unchanged in April 2022

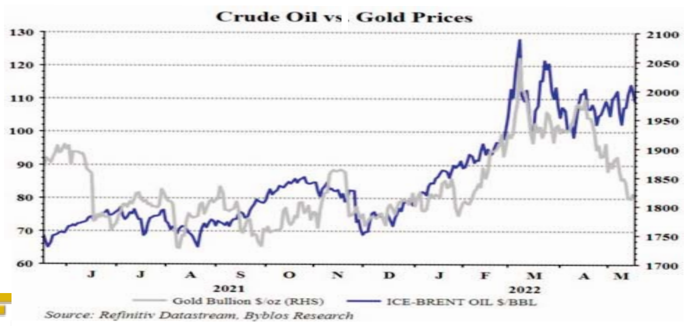
The members of the Organization of Petroleum Exporting Countries (OPEC), based on secondary sources, produced 28.65 million barrels of oil per day (b/d) on average in April 2022, nearly unchanged from 28.5 million b/d in March 2022. Saudi Arabia produced 10.3 million b/d, or 36.1% of OPEC's total output, followed by Iraq with 4.4 million b/d (15.4%), the UAE with 3 million b/d (10.5%), Kuwait with 2.7 million b/d (9.3%), and Iran with 2.6 million b/d (9%).
Source: OPEC

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

The LME cash prices of zinc averaged $3,873 per ton in the year-to-May 18, 2022 period, constituting a surge of 39% from an average of $2,790.5 a ton in the same period of 2021, driven by disruptions of zinc supply due to the closure of large zinc mines in China as a result of the persistent COVID-19 pandemic in the country. Further, prices reached an all-time high of $4,563.1 per ton on April 19 of this year due to Russian's military invasion of Ukraine. In parallel, Citi Research projected the global demand for zinc to increase by 2.5% from 13.9 million tons in 2021 to 14.1 million tons this year, and for the supply of zinc to grow by 1.6% from 13.9 million tons last year to 14.1 million tons in 2022. Also, it forecast the zinc market to post a large deficit of 150,000 tons to 200,000 tons in 2022, if lockdown measures persist in China. It expected zinc prices to exceed $4,500 per ton in the next three months, as major smelters in Europe are cutting production due to elevated energy prices. Also, Standard Chartered Bank projected zinc prices to average $3,790 per ton in the second quarter, $3,680 a ton in the third quarter, and $3,600 per ton in the fourth quarter of 2022.
Source: Citi Research, Standard Chartered Bank, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,920 per ounce in second quarter of 2022

Gold prices averaged $1,886.4 per troy ounce in the year-to-May 18, 2022 period, constituting an increase of 5.3% from an average of $1,791.6 an ounce in the same period last year, driven mainly by accelerating inflation rates globally and Russia's military invasion of Ukraine, which reinforced the appeal of the metal as a safe haven amid the escalation of geopolitical tensions. Further, prices regressed from a high of $2,056 per ounce on March 8, 2022 to $1,815 an ounce on May 18, 2022, due to a stronger US dollar and higher U.S. bond yields. In parallel, global gold demand totaled 1,234 tons in the first quarter of 2022, up by 34.3% from 919.1 tons in the same quarter of 2021. The increase was due to a surge in investments in exchange-traded funds, as outflows shifted to inflows, and to a pickup of 0.8% in demand from the technology sector, which was partly offset by a decline of 28.7% in net purchases by central banks, by a drop of 20% in demand for bars & coins, and by a decrease of 7% in jewelry consumption. Also, global gold supply increased by 4.3% to 1,156.6 tons in the first quarter of 2022, with mine output representing 74% of the total. Further, the World Bank expected gold prices to drop materially in the near term, in case the Central Bank of Russia engages in large gold sales. Also, Standard Chartered Bank forecast gold prices to average $1,920 per ounce in the second quarter, $1,850 an ounce in the third quarter, and $1,750 per ounce in the fourth quarter of 2022.
Source: Source: World Gold Council, World Bank, Standard Chartered Bank, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	LT Foreign currency rating 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-	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-								
	-	-	-	Stable	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+	Ba3	B+	B+	B-								
	Stable	Negative	Stable	Positive	Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-	A								
	Stable	Stable	Stable	-	Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-	BBB								
	Stable	Negative	Negative	-	Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-	BBB-								
	Stable	Positive	Stable	-	Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B-	B3	B-	-	CCC								
	Stable	Stable	Stable	-	Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB	Baa1	BBB	-	BBB								
	Stable	Stable	Stable	-	Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-	BBB-								
	Negative	Negative	Negative	-	Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C	Ca	C	-	BBB-								
	CWN***	Negative	-	-	Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+	B2	B+	B+	B-								
	Negative	Negative	Negative	Stable	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B-	B3	CCC	-	B-								
	CWN	RfD	-	-	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	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	07-Jun-22
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	2.00	11-May-22	Raised 25bps	06-Jul-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	3.25	05-May-22	Raised 50bps	N/A
Turkey	Repo Rate	14.00	14-Apr-22	No change	26-May-22
South Africa	Repo Rate	4.75	19-May-22	Raised 50bps	21-Jul-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	31-May-22
Mexico	Target Rate	7.00	12-May-22	Raised 50bps	23-Jun-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	3.75	10-May-22	Raised 75bps	06-Jul-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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