

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

ICT imports up 6% to \$2.1 trillion in 2017

Figures released by the United Nations Conference on Trade & Development (UNCTAD) show that the global imports of Information and Communications Technology (ICT) goods stood at \$2.1 trillion in 2017 and grew by 6% from 2016, which constitutes the first annual increase since 2014. UNCTAD attributed the rise in the import of ICT goods to growing demand for electronic components that are used in devices related to the Internet-of-Things. It added that the import of ICT goods represented 13.4% of global merchandise trade in 2017, which is lower than the share of 16.1% during the dot-com bubble in 2000, but is the highest share in two years. China was the top exporting country of ICT goods with \$612.7bn in 2017, followed by South Korea with \$141.9bn, Taiwan with \$139.2bn, Singapore with \$119.5bn, Germany with \$71.7bn, the U.S. with \$68.6bn, Malaysia with \$67.1bn, Mexico with \$66bn, Japan with \$58.3bn and the Netherlands with \$55.6bn. In comparison, the U.S. was the top importer of ICT goods in 2017 with \$343.7bn, followed by China with \$329.8bn, Hong Kong with \$305.6bn, Germany with \$102.5bn, Singapore with \$91.4bn, Japan with \$87.4bn, South Korea with \$71.9bn, Taiwan with \$63.9bn, Mexico with \$63.5bn and the Netherlands with \$63bn.

Source: UNCTAD

MENA

Arab countries perform well in terms of energy access and affordability

The World Energy Council included 13 Arab countries on its Energy Trilemma Index for 2018, which measures a country's ability to provide a secure, affordable and environmentally-sustainable energy system. It assessed a country's energy performance based on three dimensions that are Energy Security, Energy Equity and Environmental Sustainability. The UAE ranked first in the Arab world and came in 36th place globally on the index, followed by Qatar (39th) and Kuwait (45th), while Iraq (77th), Jordan (86th) and Lebanon (101st) came last regionally. The World Energy Council indicated that all Gulf Cooperation Council countries improved their overall energy sector performance. In parallel, the World Energy Council indicated that Arab countries performed well on the energy equity dimension, notably in terms of energy access and affordability, while they continued to face significant challenges in terms of energy security and environmental sustainability. It said that most Arab countries face high energy intensity and greenhouse gas emissions, high penetration of conventional energy resources, as well as growing water scarcity. Further, it indicated that many countries in the region are increasing their efforts to improve energy efficiency, as well as to diversify their energy mix through the increased use of solar energy and wind power, among other renewables. In parallel, the UAE ranked in first place in the region on the Energy Security dimension. Also, Qatar came in first place on the Energy Equity indicator, while Egypt ranked first on the Environmental Sustainability dimension.

Source: World Energy Council

EMERGING MARKETS

External debt issuance down 27% to \$97bn in first two months of 2019

Figures compiled by Citi Research show that emerging markets (EMs) issued \$97bn in external sovereign and corporate bonds in the first two months of 2019, down by 26.5% from \$132bn in the first two months of 2018. The debt issued in Asia excluding Japan reached \$53bn or 54.6% of the total, followed by bond issuance in the Middle East & Africa (ME&A) with \$21bn (21.6%), Emerging Europe with \$12bn (12.4%), and Latin America with \$10bn (10.3%). Further, EM corporates issued \$64bn in bonds in the covered period, equivalent to 66% of total sovereign and corporate bond issuance. Asia ex-Japan issued \$49bn, or 76.6% of total corporate issuance in the first two months of 2019, followed by the ME&A region with \$7bn (10.9%), and each of Emerging Europe and Latin America with \$4bn (6.3% each). Also, EM sovereigns issued \$33bn in bonds, or 34% of new sovereign and corporate bonds, in the covered period. The ME&A region issued \$14bn, or 42.4% of total new sovereign bonds, followed by Emerging Europe with \$8bn (24.2%), Latin America with \$6bn (18.2%) and Asia ex-Japan with \$4bn (12.1%). In parallel, Citi projected the upcoming EM's sovereign external debt service payments at \$21.5bn between February and April 2019, of which \$8.1bn or 37.7% of the total, would be from Latin America, \$5.3bn (24.7%) from Emerging Europe, \$4.5bn (20.9%) from Asia ex-Japan, and \$3.6bn (16.7%) from the ME&A region. It also expected upcoming EM corporate external debt service payments at \$27.7bn between February and April 2019, of which \$14.5bn, or 52.3% of the total, would be from Asia ex-Japan, \$6bn (21.7%) from Emerging Europe, \$4bn (14.4%) from Latin America, and \$3.2bn (11.6%) from the ME&A region.

Source: Citi Research, Byblos Research

Trading in Credit Default Swaps up 40% to \$1.82 trillion in 2018

Trading in emerging markets Credit Default Swaps (CDS) reached \$357bn in the fourth quarter of 2018, constituting a drop of 30% from \$509bn in the third quarter of 2018 and a rise of 30% from \$275bn in the fourth quarter of 2017. Trading reached \$488bn in the first quarter and \$468bn in the second quarter of the year. The most frequently traded sovereign CDS contracts in the fourth quarter of 2018 were those of Mexico and Brazil at \$34bn each, followed by Turkey at \$25bn, which significantly dropped from \$73bn in the third quarter of 2018. As such, traded sovereign CDS contracts on Mexico and Brazil accounted each for about 9.5% of total trading in emerging market CDS in the covered quarter, followed by CDS contracts on Turkey (7%). The most frequently traded corporate CDS contracts in the fourth quarter of 2018 were those of Mexico's state-oil company Pemex at \$1.8bn, which accounted for 0.5% of total trading in emerging markets CDS. Overall, CDS trading totaled \$1,822bn in 2018, constituting an increase of 40% from \$1,298bn in 2017, as investors speculated on Turkey and Argentina's economic conditions, as well as on elections in countries such as Brazil and Mexico. The survey covered data on CDS contracts for 21 emerging economies and nine emerging market corporate issuers.

Source: EMTA

OUTLOOK

WORLD

Global construction activity to slow down in 2019

Credit insurance firm Euler Hermes indicated that the global construction cycle peaked in 2018 following 10 years of growth. As such, it expected the growth of the global construction industry to gradually decelerate from a 10-year high of 3.5% in 2018 to 3% in 2019, in line with the slowdown in global economic activity. It anticipated the sector to face increasing challenges from subdued demand, tighter global monetary and financing conditions in Western economies, as well as from the economic slowdown in China. Further, it noted that most of the expansion in the sector during the 2008-18 period was driven by emerging markets (EMs), as developed markets did not fully regain their pre-financial crisis construction volumes. However, it expected the uncertainties in EMs from trade-related tensions, challenging credit conditions and the deterioration in global political risks, to put at risk many construction projects in these economies.

In parallel, Euler Hermes indicated that the residential real estate segment has registered the highest growth rate among all segments of the construction sector since 2008. But it expected activity in the residential sector to slow down in coming years, mainly due to rising interest rates, deteriorating financial conditions in EMs, and reduced affordability in Western economies. It considered that housing affordability is subject to more uncertainties, as the increase in housing prices continues to outpace income growth. It also expected tighter credit conditions to weigh on housing demand. In addition, it anticipated the residential sector to closely follow the overall economic cycle of each country. Also, it expected growth in commercial real estate activity to slow down in 2019 and to be challenged by the significant increase in global online sales, especially in developed markets. Further, it pointed out that the infrastructure sector, which is dependent on political decision-making, started to expand from 2016 onwards, following nine years of a gradual slowdown. It attributed the chronic underperformance of the sector to the under-investment from governments. However, it said that the need for infrastructure investments remains high, amid the growing population of urban areas, the electrification of mass transit and the increasing demand for internet connectivity.

Source: Euler Hermes

MENA

Non-resident capital inflows to GCC to increase by 15% to \$148bn in 2019

The Institute of International Finance projected non-resident capital inflows to Gulf Cooperation Council (GCC) countries to reach \$147.5bn in 2019, constituting an increase of 14.8%, or of \$20bn, from \$128.5bn in 2018, mainly driven by a rise in portfolio investments. It projected portfolio investment inflows to GCC economies to increase from \$55.3bn in 2018 to \$80.2bn in 2019, with equity inflows expanding by 3.5 times to \$16bn and debt flows rising by 26.6% to \$64.2bn this year. It attributed the anticipated increase in portfolio debt inflows to the inclusion of five GCC economies in J.P. Morgan's emerging-markets bond index in January 2019, while it noted that the admission of Saudi Arabia's stock market to the FTSE on March 2019, and its expected inclusion in the MSCI EM Index in May, would raise equity inflows. It added that Saudi Arabia and Qatar issued a

combined \$19.5bn in sovereign debt in the first quarter of 2019. Further, the IIF forecast foreign direct investment inflows to the GCC region at \$20.2bn in 2019, which would constitute an increase of 17.5% from \$17.2bn in 2018. It projected resident capital outflows from the GCC region to decrease from \$256.8bn in 2018 to \$234.4bn in 2019, but to exceed non-resident capital inflows.

In parallel, the IIF forecast total non-resident capital inflows to non-GCC oil-exporting economies in the Middle East & North Africa region, which include Algeria, Iran, and Iraq, at \$16.6bn in 2019, and to grow by 56.6% from \$10.6bn in 2018. It also anticipated capital inflows to Iraq, which consist of concessional loans to rebuild the country's infrastructure, to represent 50% of aggregate inflows to non-GCC oil-exporters in 2019. In parallel, it forecast resident capital outflows from non-GCC oil-exporting economies at \$10.9bn in 2019, which would constitute a decline of 55.5% from \$24.5bn in 2018.

Source: Institute of International Finance

CÔTE d'IVOIRE

Positive growth outlook in medium term

The International Monetary Fund indicated that Côte d'Ivoire's medium-term outlook is robust, supported by strong economic activity that is driven by higher consumption and investment, as well as by a low inflation rate. It estimated real GDP growth at 7.4% in 2018 amid strong domestic demand, and expected economic activity to remain robust in 2019 and over the medium term. It noted that the inflation rate was 0.4% in 2018 and anticipated it to remain well below the regional threshold of 3% for members of the Western Africa Economic and Monetary Union (WAEMU) over the medium term. Further, it said that the current account deficit widened to 4.7% of GDP in 2018 due to lower cocoa export receipts and higher global oil prices. The IMF welcomed the authorities' satisfactory performance under the IMF-supported program, and added that the government continues to make progress on its economic transformation plan. Still, it said that risks to the outlook are tilted to the downside and include slower revenue mobilization, unfavorable terms-of-trade and tighter global financing conditions.

In parallel, the Fund indicated that the fiscal deficit reached 4% of GDP in 2018, mainly due to reduced public investments that have offset weaker-than-expected revenues. It expected the deficit to narrow to 3% of GDP in 2019, in line with the convergence criteria of WAEMU countries. It called on authorities to accelerate reforms that are critical to ensure sustainable and inclusive growth, while preserving fiscal and debt sustainability. Also, it said that the government has prioritized investment projects and social expenditures that would support the country's National Development Program for the 2016-20 period. The IMF stressed the importance of increasing domestic revenues in order to create the fiscal space needed for priority spending and to enhance debt repayment capacity. Further, it noted that the government has stepped up efforts to restructure the debt of the national oil refinery Société Ivoirienne de Raffinage, as well as to advance the restructuring of public banks, among others.

Source: International Monetary Fund



ECONOMY & TRADE

GHANA

Agencies affirm sovereign ratings, outlook 'stable'

S&P Global Ratings affirmed Ghana's long- and short-term foreign and local currency sovereign credit ratings at 'B', with a 'stable' outlook. It noted that the ratings reflect the pressure on the country's public finances, with debt servicing absorbing over 30% of government revenues, one of the highest levels among the sovereigns it rates. It expected the fiscal deficit to narrow from an average of 6.3% of GDP annually during the 2015-18 period to 4.2% of GDP annually in the 2019-22 period, due to the government's efforts to address its public finances. But it noted that revenue underperformance remains a concern for the fiscal position. It anticipated the government's debt level at about 55% of GDP in the covered period. Further, it expected the current account deficit to average 3.9% of GDP annually in the 2019-22 period, in case of higher cocoa export receipts and a reduction in gas imports. In parallel, Fitch Ratings affirmed Ghana's long-term foreign-currency Issuer Default Rating at 'B' with a 'stable' outlook. It indicated that the rating balances Ghana's strong medium-term growth potential and governance indicators with its deteriorating external liquidity, weak banking sector and high debt levels. It projected real GDP growth at 6.6% in 2019 and at above 6% in the medium term, driven by continued growth in extractive sectors. Also, it indicated that pressure on the Ghanaian cedi has led the Bank of Ghana to increase its dollar sales in the foreign exchange market, which caused foreign currency reserves to decline from \$5.5bn at end-2017 to \$4.9bn at end-2018. But it anticipated foreign currency reserves to rise in the first half of 2019 in case of higher external financing inflows and cocoa export receipts.

Source: S&P Global Ratings, Fitch Ratings

MAURITANIA

Real GDP growth to exceed 6% in 2019

The International Monetary Fund indicated that Mauritania's economic growth accelerated to 3.6% in 2018, due to the strong performance of non-extractive sectors that grew by over 6% last year, as well as to the increase in bank credit. It also noted that the inflation rate was contained at an average of 3.1% in 2018, while foreign-currency reserves at the Banque Centrale de Mauritanie reached \$919m at end-2018, or five months of non-extractive imports. Further, the IMF pointed out that the fiscal surplus was elevated in 2018, driven by strong tax revenues, large receipts from exploration licenses, as well as slower-than-expected capital spending. As such, it said that debt accumulation slowed significantly, with the external public debt declining to 69% of GDP at end-2018. But it noted that stronger economic activity resulted in a rise in imports and, in turn, led to a widening of the current account deficit to about 11% of GDP in 2018 when excluding extractive sector capital import. Also, the IMF considered the economic outlook to be favorable, mainly due to sustained commodity prices and the implementation of policies that aim to maintain macroeconomic stability. As such, it projected real GDP growth to exceed 6% in 2019, driven by the expected recovery of extractive sectors and the robust performance of non-extractive industries. It added that the authorities' economic reforms target a disciplined implementation of the budget in 2019, prudent borrowing, a rise in foreign currency reserves, improving debt sustainability and building buffers against external shocks.

Source: International Monetary Fund

TURKEY

Economy to contract in 2019

S&P Global Ratings indicated that the Turkish economy has entered into recession at the end of 2018, as real GDP contracted by 2.4% in the fourth quarter of 2018 following a retreat of 1.6% in the third quarter of the year. It expected economic activity to continue to contract in 2019, amid weaker macroeconomic dynamics in the first half of the year and a recovery in the second half, partly due to base effects. Also, it anticipated domestic demand to remain subdued and for investments to decline in 2019. However, it said that stronger export performance, particularly from tourism, should support the economy this year. Further, it expected weaker economic activity to undermine the asset quality of the banking sector, which could require interventions from the public sector and weigh on the country's deteriorating fiscal position. In parallel, Fitch Ratings forecasts Turkey's real GDP to contract by 1.1% in 2019. Also, it lowered its projections for the inflation rate to 15% at the end of 2019, due to weak domestic demand and downward revisions to its exchange rate projections. It considered that a lower inflation rate would help the Central Bank of the Republic of Turkey ease its tight monetary policy in the second half of 2019 and contribute to a slow recovery in consumption and investment. In addition, it noted that targeted fiscal-easing measures ahead of local elections in March 2019 contributed to a weaker fiscal performance in the first two months of 2019, and expected the government to miss its fiscal targets this year.

Source: S&P Global Ratings, Fitch Ratings

UAE

Dubai's real GDP growth at 1.9% in 2018

EFG Hermes indicated that Dubai's real GDP grew by 1.9% in 2018 compared to a growth rate of 3.1% in 2017, constituting the slowest pace of economic activity since 2010. It noted that the deceleration in Dubai's economic growth in 2018 marks the third consecutive annual slowdown, and reflects weaker activity in almost all sectors. It pointed out that activity in the manufacturing and mining sectors contracted in 2018, while growth in the transportation, hospitality, telecommunications and public administration sectors slowed down significantly. In parallel, it said that economic activity in the real estate, construction, and the wholesale & retail trade sectors accelerated last year. It added that the three sectors contributed around 67% of Dubai's real GDP growth in 2018. Further, it considered that the weak economic outlook of Dubai is likely to persist in 2019, partly reflecting lower global oil prices. It added that the number of projects awarded in the construction sector declined in 2018 for the first time since 2010, which shows signs of weakness in the sector. It pointed out that the authorities' plans to limit investment spending in 2019 would also constrain economic growth. It indicated that a recovery in Dubai's subdued economic activity is contingent on the government's implementation of policy initiatives to boost growth. It noted that authorities have already taken several measures, such as reducing fees for businesses and attracting foreign direct investment, but it considered that authorities need to step up their efforts to implement these measures.

Source: EFG Hermes



BANKING

NIGERIA

Stable outlook on banks' ratings

S&P Global Ratings maintained its outlook on the ratings of Nigerian banks at 'stable' for the coming 12 months in the absence of oil price shocks. It said that the 'stable' outlook balances the banks' gradually improving asset quality and profitability against their subdued credit expansion. It projected the growth in the banks' lending to be flat or negative in 2019, due to sluggish economic activity. It also anticipated the banks' credit loss ratio, which is the ratio of new loan-loss provisions to customer loans, to decline but to remain elevated at between 2.5% to 3% in 2019. It pointed out that the asset quality of Nigerian banks is exposed to three main sources of risk, which are the vulnerability of the oil & gas sector to low oil prices and production, the potential weakening of the Nigerian naira, as well as the high single-name concentration of most banks. Still, the agency expected top-tier banks to maintain resilient profitability this year, as their credit losses gradually decline. It added that most Tier 2 and Tier 3 banks also continue to be profitable despite their vulnerability to a weak operating environment. It expected the banks' return on equity to improve gradually on the back of subdued lending growth and a stable economic outlook. Further, S&P said that Nigerian banks implemented international accounting standard IFRS 9 in 2018, which led to a significant improvement in their loan-loss reserves and, in turn, shielded banks from breaching the minimum capital requirements, even in the case of a weakening naira. It considered that the external refinancing risks of Nigerian banks are on the rise, as it expected the banking sector's net external debt to increase from about 20% of system-wide domestic loans in the 2015-16 period to 40% of lending in 2019.

Source: S&P Global Ratings

SAUDI ARABIA

Banking sector outlook to remain stable

Moody's Investors Service maintained its 'stable' outlook on Saudi Arabia's banking system for the next 12 to 18 months, due to higher public spending, the stabilization of problem loans, modest credit growth, as well as robust profitability. It indicated that the planned increase in government spending this year will support non-oil real GDP growth, which, in turn, would stimulate bank lending. As such, it forecast lending to increase by 4% to 5% in 2019 following subdued activity in 2018, supported by a pick-up in loan demand from the private sector, merger and acquisition activity in the corporate sector, and a recovery in the construction sector and in consumer spending. Further, the agency expected the banks' non-performing loans ratio to stabilize at 2% to 2.25% in the next 12 to 18 months, as the government continues its fiscal expansion. But it noted that loan performance in the construction and commerce sectors will continue to face pressure due to structural reforms and the ongoing impact of the recent economic downturn. Still, it considered that the banks' very high levels of loan-loss provisions provide a solid buffer against these pressures. Further, it expected the banks' capital ratios to remain high amid modest credit growth and resilient profitability. It forecast the profitability of Saudi banks to remain stable in the next 12 to 18 months, supported by higher interest rates, low provisioning costs and sound cost controls, which will be offset by pressure on funding costs amid competition for large depositors.

Source: Moody's Investors Service

TUNISIA

Additional measures required to address strategic AML/CFT deficiencies

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), stated that Tunisian authorities made in November 2017 a high-level political commitment to work with the FATF and the FATF-style regional body MENAFATF to strengthen the effectiveness of the local AML/CFT regime. It indicated that Tunisia has taken several steps since then in this direction, which include the initiation of the direct supervision of high-risk designated non-financial businesses or professions (DNFBPs), as well as the enactment of decrees to establish the National Registry of Companies and a decree for its finance-related targeted financial sanctions regime. It added that it has not yet fully reviewed these measures due to their very recent nature. However, the FATF considered that the government should continue to address its strategic deficiencies. As such, it called on authorities to fully integrate the DNFBPs, particularly lawyers, accountants and notaries, into its AML/CFT regime, as well as to maintain comprehensive and updated commercial registries and to ensure that the effective collection of accurate and up-to-date beneficial ownership information is available for law enforcement. It also encouraged authorities to demonstrate that their terrorism-related targeted financial sanctions (TFS) regime is fully functional, especially among the DNFBPs. Further, FATF encouraged Tunisian authorities to continue to adequately expand and implement the finance-related TFS regime.

Source: Financial Action Task Force

OMAN

Agency takes rating actions on six banks

Fitch Ratings downgraded from 'BBB-' to 'BB+' the long-term Issuer Default Rating (IDR) of Bank Muscat, and from 'BB+' to 'BB' the ratings of Bank Dhofar, National Bank of Oman (NBO), Sohar International Bank (SIB), and Ahli Bank (ABO), while it affirmed at 'BBB-' the rating of HSBC Bank Oman (HBON). Also, the agency removed the banks' ratings from Rating Watch Negative and maintained a 'stable' outlook on their IDRs. It indicated that the IDR of HBON is supported by the high probability of support from its parent company, HSBC Holdings, due to the bank's strategic importance to the group. Further, it attributed the downgrades of the other banks to the government's declining ability to provide support in case of need, as well as to a more challenging operating environment and higher pressures on the banks' credit profile after the sovereign's downgrade. In parallel, Fitch downgraded the Viability Rating (VR) of Bank Muscat and HBON from 'bbb-' to 'bb+', and the ratings of Bank Dhofar, NBO and ABO from 'bb+' to 'bb', while it affirmed at 'bb' the VR of SIB. It noted that the banks' VRs mainly reflect the challenging operating environment, elevated loan concentrations and heightened interest rate risks. It added that the sustained pressure on the sovereign will adversely impact the banks' intrinsic strength through limited lending opportunities, weakening corporate balance sheets and consumer vulnerability. Further, the agency indicated that it has not downgraded the VR of SIB due to its already lower-than-peers ratings, as well as to the increase of the government's share in the bank to 60%.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices could reach \$75 p/b in the near term

ICE Brent crude oil front-month prices traded at between \$67 per barrel (p/b) and \$68 p/b in the last two weeks. Citi Research indicated that the OPEC and non-OPEC oil producing countries reiterated their commitment to implement deeper cuts in oil output, which could lead to a tighter oil market in the second half of 2019. It expected U.S. oil inventories to continue to grow this year amid the implementation of additional pipeline capacity, which would increase oil volumes to export terminals and to global buyers. In contrast, it said that lower oil output from the OPEC cuts, reduced Venezuelan production, as well as lower output from Canada, could shift the oil market toward a supply deficit, especially if supply concerns appear in other markets, such as in Algeria. Further, it pointed out that the U.S. is expected to tighten waivers for importers of Iranian oil in May 2019. However, it expected OPEC and non-OPEC countries to wait for the U.S. decision, given the uncertainties related to the potential impact on Iran's output. It said that the relatively high oil prices could push the U.S. to focus on reducing prices by pressuring OPEC or by easing Iranian waivers. It added that the U.S. could tighten the Iranian waivers and count on OPEC countries to fill the output gap. Overall, Citi considered that the OPEC and non-OPEC production cuts may lead to an increase in oil prices to \$75 p/b in the near term, while it noted that high prices would provide shale oil producers with a stronger potential for output growth in 2020, which increases the risk of a downturn.

Source: Citi Research, Thomson Reuters

Saudi Aramco acquires 70% stake in SABIC

Saudi Arabia's national oil & gas company Saudi Aramco announced that it signed a share purchase agreement to acquire the Public Investment Fund's (PIF) 70% majority stake in Saudi Basic Industries Corporation (SABIC), a large petrochemicals manufacturer. The deal is worth SAR259bn, or the equivalent of \$69.1bn. The remaining 30% share in SABIC consist of publicly-traded shares that Saudi Aramco does not plan to acquire. The deal aims to improve Saudi Aramco's integrated refining and petrochemicals business, as well as to provide SABIC with a strategic shareholder in the energy industry and with expanded growth opportunities.

Source: Saudi Aramco

Nigeria's oil receipts up 56% to \$5.6bn in 2018

Nigeria's crude oil and condensate export receipts totaled \$5.58bn in 2018, up by 55.5% from \$3.59bn in 2017. Export revenues consisted of \$4.05bn from crude oil exports (72.6%), \$1.3bn from gas exports (23.4%) and \$222.8m in other receipts (4%). The authorities transferred \$137.1m of total hydrocarbon revenues in December 2018 to the Federation Account, while they used \$208.6m to pay global oil companies.

Source: Nigerian National Petroleum Corporation

Global energy demand up 2.3% in 2018

Global energy consumption increased by 2.3% to 14.3 billion tons of oil equivalent (toe) in 2018, driven by strong global economic activity and higher heating and cooling needs in some parts of the world. Demand for oil reached 4.48 million toe and accounted for 31% of total energy demand in 2018, followed by coal with 3.78 billion toe (26%), and gas with 3.25 billion toe (23%). In parallel, energy demand in China totaled 3.16 billion toe and accounted for 22.1% of global demand last year, followed by the U.S. with 2.2 billion toe (15.6%), Europe with 2 billion toe (14.1%), and India with 933 million toe (6.5%).

Source: International Energy Agency, Byblos Research

Base Metals: Zinc prices reach nine-month high amid low inventories and recovering demand

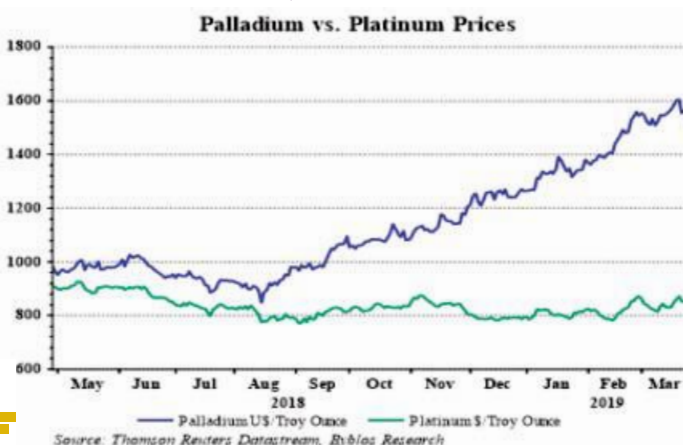
LME zinc cash prices reached \$2,943 per ton on March 27, 2019, their highest level in nine months, and increased by 17% from \$2,519 per ton at the end of 2018. The increase in zinc prices was mainly driven by concerns about a significant tightening in the supply of zinc in the second quarter of 2019, as LME-registered zinc inventories currently stand at 55,225 tons, their lowest level since October 1991. Also, expectations of a seasonal recovery in global consumption of the metal in the second quarter of this year contributed to the rise in prices. In addition, zinc prices were supported by the resumption of the U.S.-China trade talks, which raised hopes that the trade dispute between the two countries might be resolved sooner than expected. Further, concerns about a slowdown in global economic activity, as well as a weaker US dollar due to the U.S. Federal Reserve's decision to abandon plans of raising interest rates this year, helped push prices upward. However, zinc prices were capped by a drop in Chinese imports of the metal as official data indicated that China's refined zinc imports dropped to a two-year low of 20,350 tons in February of this year, despite a decline in local production amid tight environmental measures.

Source: Thomson Reuters

Precious Metals: Platinum prices to average \$863 per ounce in second quarter of 2019

Platinum prices have been recovering in the first quarter of 2019, as they increased from an average of \$806 per troy ounce in January 2019 to \$818 an ounce in February and to an average of about \$841.5 per ounce in March 2019. They averaged \$821 per ounce so far in the first quarter of 2019. ABN AMRO Bank projected platinum prices to continue to gradually rise during the year, and to average \$863 per ounce in the second quarter, \$888 an ounce in the third quarter and \$925 per ounce in the fourth quarter of 2019. It pointed out that platinum prices are affected by several factors, including the outlook of the Eurozone economy and its impact on demand for diesel cars, as well as Chinese jewelry demand. In this context, it expected weaker economic activity in the Eurozone to weigh on platinum automotive demand in the near term. But it anticipated the adverse impact of subdued growth on the metal's demand and prices to fade in the second half of the year. It also projected Chinese jewelry demand to pick up in 2019 and to support the price of most precious metals, specifically platinum prices, given that China is the largest consumer of platinum jewelry.

Source: ABN AMRO Bank, Thomson Reuters



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	External debt / GDP (%)	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	-	-	-	-	BB+								
	-	-	-	-	Negative	-6.1	32.9*	2.1	-	-	-	-9	-
Angola	B-	B3	B	-	B-								
	Negative	Stable	Stable	-	Stable	-0.8	80.5	42.1**	50.5	26.7	102.2	-2.1	1
Egypt	B	B3	B+	B+	B+								
	Stable	Positive	Stable	Stable	Positive	-9.3	92.5	35.8	51.8	45	115.4	-2.6	3
Ethiopia	B	B1	B		B+								
	Stable	Stable	Stable	-	Stable	-3.7	59.5	30.5**	27.2	3.6	146.2	-6.2	4.1
Ghana	B	B3	B	-	BB-								
	Stable	Stable	Stable	-	Stable	-6	71.2	34.5**	38.9	31.9	121.8	-4.1	6
Ivory Coast	-	Ba3	B+	-	B+								
	-	Stable	Stable	-	Stable	-3.8	48.8	33.5**	-	-	-	-4.6	-
Libya	-	-	B	-	B-								
	-	-	Stable	-	Stable	-25.1	112.1	-	-	-	-	-1.5	-
Dem Rep Congo	CCC+	B3	-	-	CCC								
	Stable	Negative	-	-	Stable	-0.6	16.2	12.9**	4.4	3	104.1	0	2.8
Morocco	BBB-	Ba1	BBB-	-	BBB								
	Negative	Stable	Stable	-	Stable	-3.2	64.4*	34.6	30.6	7.4	93	-4.3	2.1
Nigeria	B	B2	B+	-	BB-								
	Stable	Stable	Stable	-	Stable	-5.1	24.8	8.2**	67.6	22.8	104.2	2	0.7
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-4.1	167.5	166.6	-	-	-	-14.2	-
Tunisia	-	B2	B+	-	BB-								
	-	Negative	Negative	-	Negative	-5.2	70.5	82.6	-	-	-	-9.6	-
Burkina Faso	B	-	-	-	B+								
	Stable	-	-	-	Stable	-5.1	41.2	23.7**	21	4.6	145.4	-8.6	2.8
Rwanda	B	B2	B+	-	B+								
	Positive	Stable	Stable	-	Stable	-2	42.6	38.4**	13.2	5.1	102.8	-8.9	2.9
Middle East													
Bahrain	B+	B2	BB-	BB	BB+								
	Stable	Stable	Stable	Stable	Stable	-8.9	88.4	169.4	201.7	22.3	327.6	-2.5	0.4
Iran	-	-	-	B+	BB-								
	-	-	-	Negative	Negative	-3.2	44.2	2.1	-	-	-	1.3	-
Iraq	B-	Caa1	B-	-	CC+								
	Stable	Stable	Stable	-	Stable	5.6	51.8	32.5	3.7	2.2	100.9	6.9	1.0
Jordan	B+	B1	-	BB-	A								
	Stable	Stable	-	Negative	Stable	-2.9	96.0	70.1	63.6	9.4	151.0	-9.6	4.5
Kuwait	AA	Aa2	AA	AA-	AA-								
	Stable	Stable	Stable	Stable	Stable	11.6	18.8	41.3	32.8	0.55	87.9	11.3	-5.5
Lebanon	B-	Caa1	B-	B	B-								
	Negative	Stable	Negative	Negative	Stable	-9.7	150.0	183.3	136.8	50.1	136.2	-25.6	2.8
Oman	BB	Ba1	BB+	BBB-	BBB								
	Stable	Negative	Stable	Stable	Stable	-2.0	48.7	80.7	44.9	4.5	140.3	-3.3	1.5
Qatar	AA-	Aa3	AA-	AA-	A+								
	Stable	Stable	Stable	Stable	Stable	3.6	53.4	84.6	60.9	3.4	173.9	4.8	-1.0
Saudi Arabia	A-	A1	A+	A+	AA-								
	Stable	Stable	Stable	Stable	Stable	-4.6	19.4	27.6	8.0	1.2	36.9	8.4	0.3
Syria	-	-	-	-	C								
	-	-	-	-	Stable	-	-	-	-	-	-	-	-
UAE	-	Aa2	-	AA-	AA-								
	-	Stable	-	Stable	Stable	0.6	17.8	54.9	-	-	-	7.2	-0.8
Yemen	-	-	-	-	CC								
	-	-	-	-	Negative	-10.7	62.5	19.4	-	-	-	-9.3	-



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	External debt / GDP (%)	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	-	B1	B+	-	B-	-2.7	52.5	82.8	-	-	-	-3.8	-
	-	Positive	Positive	-	Stable								
China	A+	A1	A+	-	A	-4.1	50.1	-	40.0	2.1	64.2	0.7	0.8
	Stable	Stable	Stable	-	Stable								
India	BBB-	Baa2	BBB-	-	BBB	-6.6	69.6	-	39.5	19.4	90.7	-3.0	1.6
	Stable	Stable	Stable	-	Stable								
Kazakhstan	BBB-	Baa3	BBB	-	BBB	1.4	17.8	-	25.7	4.7	87.4	-0.2	1.5
	Stable	Stable	Stable	-	Stable								
Pakistan	B-	B3	B-	-	CCC	-6.5	72.5	31.5	50.1	28.3	144.3	-5.9	0.87
	Stable	Negative	Stable	-	Negative								
Central & Eastern Europe													
Bulgaria	BBB-	Baa2	BBB	-	BBB	-0.9	23.3	-	26.0	2.0	100.8	2.4	1.9
	Positive	Stable	Stable	-	Stable								
Romania	BBB-	Baa3	BBB-	-	BBB-	-3.6	37.2	-	25.8	4.2	95.1	-3.5	2.4
	Stable	Stable	Stable	-	Stable								
Russia	BBB-	Ba1	BBB-	-	BBB-	1.6	15.3	-	17.2	2.6	57.4	6.2	-1.3
	Stable	Positive	Positive	-	Stable								
Turkey	B+	Ba3	BB	BB-	B+	-4.0	32.3	-	84.3	5.9	176.4	-5.7	1.0
	Stable	Negative	Negative	Negative	Negative								
Ukraine	B-	Caa2	B-	-	B-	-2.5	70.5	-	59.3	9.3	129.2	-3.1	1.0
	Stable	Positive	Stable	-	Stable								

* Central Government

** External debt, official debt, debtor based

Source: International Monetary Fund; IHS Markit; S&P Global Ratings; Byblos Research - The above figures are projections for 2018



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	2.25-2.50	20-Mar-19	No change	01-May-19
Eurozone	Refi Rate	0.00	07-Mar-19	No change	10-Apr-19
UK	Bank Rate	0.75	21-Mar-19	No change	02-May-19
Japan	O/N Call Rate	-0.10	15-Mar-19	No change	25-Apr-19
Australia	Cash Rate	1.50	05-Mar-18	No change	02-Apr-19
New Zealand	Cash Rate	1.75	27-Mar-19	No change	08-May-19
Switzerland	3 month Libor target	-1.25-(-0.25)	21-Mar-19	No change	13-Jun-19
Canada	Overnight rate	1.75	06-Mar-19	No change	24-Apr-19
Emerging Markets					
China	One-year lending rate	4.35	17-Dec-15	Cut 25bps	N/A
Hong Kong	Base Rate	2.75	20-Dec-18	Raised 25bps	N/A
Taiwan	Discount Rate	1.375	21-Mar-19	No change	20-Jun-19
South Korea	Base Rate	1.75	28-Feb-19	No change	18-Apr-19
Malaysia	O/N Policy Rate	3.25	05-Mar-19	No change	07-May-19
Thailand	1D Repo	1.75	20-Mar-19	No change	08-May-19
India	Reverse repo rate	6.25	07-Feb-19	Cut 25bps	04-Apr-19
UAE	Repo rate	2.75	19-Dec-18	Raised 25bps	N/A
Saudi Arabia	Repo rate	3.00	19-Dec-18	Raised 25bps	N/A
Egypt	Overnight Deposit	15.75	14-Feb-19	Cut 100bps	28-Mar-19
Turkey	Repo Rate	24.0	06-Mar-19	No change	25-Apr-19
South Africa	Repo rate	6.75	28-Mar-19	No change	23-May-19
Kenya	Central Bank Rate	9.00	27-Mar-19	No change	N/A
Nigeria	Monetary Policy Rate	13.50	26-Mar-19	Cut 50bps	21-May-19
Ghana	Prime Rate	16.00	28-Jan-19	Cut 100bps	01-Apr-19
Angola	Base rate	15.75	28-Jan-19	Cut 75bps	29-Mar-19
Mexico	Target Rate	8.25	07-Feb-19	No change	28-Mar-19
Brazil	Selic Rate	6.50	20-Mar-19	No change	08-May-19
Armenia	Refi Rate	5.75	12-Mar-19	No change	30-Apr-19
Romania	Policy Rate	2.50	07-Feb-19	No change	02-Apr-19
Bulgaria	Base Interest	0.00	01-Mar-19	No change	01-Apr-19
Kazakhstan	Repo Rate	9.25	04-Mar-19	No change	16-Apr-19
Ukraine	Discount Rate	18.00	14-Mar-19	No change	25-Apr-19
Russia	Refi Rate	7.75	22-Mar-19	No change	26-Apr-19



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