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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global FDI flows down 42% to $859bn in 2020

The United Nations Conference on Trade & Development (UNCTAD) indicated that global foreign direct investments (FDI) totaled $859bn in 2020, constituting a drop of 42% from $1.5 trillion in 2019. It attributed the decline in global FDI mainly to the impact of the coronavirus outbreak that affected all forms of investments, as new greenfield FDI decreased by 35%, cross-border mergers and acquisitions dipped by of 10%, and new international project finance deals regressed by 2% last year. It pointed out that FDI in developing economies stood at $616bn in 2020, or 72% of global FDI flows, constituting the highest share of global FDI on record, followed by inflows to developed countries with $229bn (27%), and to transition economies with $13bn (2%). In parallel, it said that FDI inflows to transition economies fell by nearly 77% in 2020, mainly due to a 96% drop in FDI flows to Russia. It also noted that FDI inflows to developed countries decreased by 69% in 2020, driven by a 46% slump in FDI flows to North America, as well as by declines of more than 100% in FDI flows from United Kingdom and Italy. Also, it said that FDI inflows to developing economies decreased by 12% in 2020, as inflows to Latin America & the Caribbean shrank by 37%, followed by inflows to Africa (-18%), and to Developing Asia (-4%). It indicated that China was the largest recipient of FDI worldwide in 2020 at $163bn, followed by the United States with $134bn. Further, it anticipated the decline in global FDI to persist in 2021 due to uncertainties about the evolution of the pandemic despite prospects of a global economic recovery in 2021.

Source: UNCTAD

Global bond issuance at $8.3 trillion in 2020

S&P Global Ratings indicated that the global issuance of corporate bonds, U.S. public finance bonds, other international public finance bonds and structured finance products totaled $8.3 trillion (tn) in 2020, constituting an increase of 18.1% from $7tn in 2019. It said that the rise in bond issues is due to a 38% growth in the issuance of non-U.S. international public finance bonds, as well as to a 35% increase in non-financial corporate issuance, which was partly offset by a decline of 25.2% in structured finance products. S&P noted that non-financial institutions issued $3.3tn or 40% of bond issuance in 2020. Financial institutions followed with $2.6tn (31.2%), then international public finance with $1.1tn (12.7%), investor-placed structured finance with $866.8bn (10.4%), and U.S. public finance with $474bn (5.7%). It forecast global bond issuance at $8tn in 2021, down by 3.2% from the levels of the previous year, due to a projected decline of 8.6% in non-financial corporate bonds, a 7% drop in non-U.S. international public finance bonds, and a 5% decrease in U.S. public finance bonds, which was partly offset by a 3.5% growth in financial corporate bonds, and a 2.5% rise in structured finance products. It considered that low interest rates, higher inflation expectations in the U.S., and record-high cash balances on corporate balance sheets could limit the need for bond issuances.

Source: S&P Global Ratings

EMERGING MARKETS

Infrastructure projects with private participation down 56% to $22bn in first half of 2020

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 $21.9bn in the first half of 2020, constituting a drop of 56% from around $49.7bn in the same period in 2019, as worldwide lockdowns in response to the COVID-19 outbreak forced the postponement or cancellation of existing infrastructure projects. PPIs in the energy field reached $15.1bn in the first half of 2020, or 69% of the total, followed by projects in the transportation sector with $4.5bn (20%), investments in the water & sewage sector with $1.3bn (6%), and PPIs in municipal solid waste with $890m (4%). On a regional basis, Latin America & the Caribbean attracted 39% of the total amount of PPIs in the first half of 2020, followed by South Asia with 22.3%, East Asia & the Pacific with 20.3%, Sub-Saharan Africa with 8%, Europe & Central Asia with 6%, and the Middle East & North Africa with 4.4%. In parallel, there were 128 infrastructure projects financed through PPIs in the first half of 2020 that consisted of 73 projects in the energy sector, 21 projects in the water sector, as well as 17 projects in each of the municipal solid waste and transportation sectors in the covered period. Further, 34 developing economies attracted PPIs in the first half of 2020, relative to 39 countries in the first half of 2019.

Source: World Bank

MENA

Corruption perception varies across region

Transparency International's 2020 Corruption Perceptions Index (CPI) indicated that the UAE is perceived to have the 21st lowest level of corruption among 180 countries globally and the lowest level among 19 Arab countries. Qatar followed in 30th place, then Oman (49th), Saudi Arabia (52nd) and Jordan (60th) as the five countries perceived to have the lowest level of graft in the Arab region. In parallel, Iraq (160th), Libya (173rd), Sudan (174th), Yemen (176th) and Syria (178th) were perceived as the most corrupt countries regionally. Transparency International uses data sources from independent institutions specializing in governance and business climate analysis in order to assess the degree of corruption in the public sector of each country. The rankings are based on scores that range between zero and 100, with lower scores reflecting economies with a higher level of corruption. The Arab countries' average score stood at 36.4 points in the 2020 survey and came higher than the average score of Eastern Europe & Central Asia (36 points) and Sub-Saharan Africa (32 points); but it was lower than the average scores of the European Union & Western Europe (66 points), Asia Pacific (45 points), and the Americas (43 points). Also, the average score of Gulf Cooperation Council (GCC) countries was 54.2 points, while the score of non-GCC Arab countries stood at 28.2 points in the 2020 survey.

Source: Transparency International, Byblos Research

OUTLOOK

WORLD

Global growth to average 4.9% in 2021-22 period, outlook uncertain

The International Monetary Fund anticipated that the new lockdown measures and restrictions as a result of the surge in new COVID-19 cases, mainly in Europe, could lead to weaker global economic activity than it projected in early 2021. In its baseline scenario, it forecast global real GDP to expand by 5.5% in 2021 and to grow by 4.2% in 2022. Also, it projected real GDP growth in advanced economies at 4.3% this year and at 3.1% in 2022, while it expected economic activity in emerging markets (EMs) to expand by 6.3% in 2021 and by 5% next year. The Fund outlined two scenarios given the uncertainties about the evolution of the pandemic and the effectiveness of the vaccine's distribution. It provided deviations in percentage points for each scenario from the level of output under the baseline case.

Under its first scenario, which assumes that the rollout of the vaccine will take place in early 2021, the IMF anticipated global output to expand by an additional 0.74 and 0.96 percentage points of GDP in 2021 and 2022, respectively, from the output level under its baseline case. It projected activity to accelerate at a faster rate in advanced economies than in EMs, as it expected advanced countries to receive vaccines before many emerging economies. As such, it anticipated real GDP in advanced economies to expand by an additional 1.33 and 1.08 percentage points of GDP in 2021 and 2022, respectively, while it forecast output in EMs to rise by a further 0.27% in 2021 and 0.87% next year from their respective levels under the baseline case.

In its second scenario, which assumes that the vaccine distribution will be slower than in the baseline case in both advanced economies and EMs, the Fund expected global real GDP to be lower by 0.66 percentage points of GDP in 2021 from its level under the baseline case, and to start returning towards baseline levels in 2022. It projected real GDP in advanced economies to be lower by 0.92 and 0.64 percentage points of GDP this year and in 2022, respectively, relative to its level under the baseline case; while it forecast output in EMs to be lower by 0.45 and 0.55 percentage points of GDP in 2021 and 2022, respectively.

Source: International Monetary Fund

EMERGING MARKETS

Economic recovery in Western Asia to remain slow in 2021-22

The United Nations projected real GDP in Western Asia to grow by 3.8% in 2021 and 3.3% in 2022, relative to a contraction of 4.8% in 2020. It said that the COVID-19 pandemic and the related lockdown measures stalled economic activity in the region last year. It added that local authorities relaxed these emergency measures early in the second half of 2020, which rendered several countries in the region susceptible to a second wave of infections and slowed the economic recovery in the second half of the year. It also noted that conflicts and political instability in Iraq, Lebanon, Palestine, Syria, and Yemen exacerbated the dire economic conditions and exposed the region to humanitarian crises.

Further, it pointed out that the economic outlook for Western Asia will depend on global energy demand, the level of international tourism activity, and the extent of the recovery of domestic demand on the back of fiscal support measures. In this context, it anticipated both global energy prices and tourism activity to slowly improve, and to reach pre-crisis levels only after 2022. Also, it expected domestic demand in Western Asia to pick up with the stabilization of the pandemic, but it stressed that domestic demand will remain below pre-crisis levels without additional fiscal support. It forecast economic activity to grow by 3.7% in 2021 and 2.8% in 2022 in the oil-exporting countries of Western Asia, and by 4% annually in the 2021-22 period in the region's oil-importing economies. It considered that the region's high-income countries will increasingly depend on tapping debt markets to finance their expenditures, given the low prospects of an improvement in government revenues in 2021 and 2022. It pointed out that, without international financial support, the region's middle- and low-income countries will curtail fiscal support measures, which could weigh on their economic recovery.

In parallel, the UN expected the inflation rate to slightly increase in Western Asia's oil-exporting economies from an average of 1.2% in 2020 to 2.3% in 2021 and 1.7% in 2022. It also anticipated the inflation rate to drop from an average of 11.7% in oil-importing countries in 2020 to 7.2% in 2021 and 6.4% in 2022.

Source: United Nations

AFRICA

Economies to face large financing needs despite expected recovery

Bank of America (BofA) projected real GDP in Sub-Saharan Africa (SSA) to expand by 3.4% in 2021, following a contraction of 3% in 2020, supported by higher commodity prices and the easing of coronavirus-related lockdown measures. In fact, it anticipated oil prices to average $50 per barrel (p/b) in 2021 and to peak at $60 in the second quarter, due to the distribution of the COVID-19 vaccine and to improving demand and mobility. It noted that coronavirus cases are rising in SSA, mainly in Nigeria and Kenya, but it did not expect a return to countrywide lockdowns due to the low and contained level of fatality rates. It anticipated that the key challenge to the growth outlook consists of the longer-term procurement of vaccines, given the limited fiscal space and the lack of cold storage facilities in SSA countries.

In parallel, BofA projected the fiscal and current account deficits of SSA economies to narrow in 2021, and forecast lower but substantial financing needs for the region this year. It expected the most significant improvements in the current account balance to take place in Angola and Nigeria, and to a lesser extent in Ghana. It projected the current account balances of Angola and Nigeria to improve by more than 2% of GDP and 0.7% of GDP, respectively, if oil prices approach $60 p/b. It also considered that SSA countries with lower trade exposures to the Eurozone are less vulnerable to the surge in COVID-19 cases and lockdowns in Europe. Further, it anticipated SSA economies to face large financing needs in 2021. It expected SSA issuers to increase their borrowing from global capital markets this year, due to lower support from international financial institutions. It noted that authorities have begun to take advantage of favorable global market conditions, and forecast SSA countries to issue $13bn in Eurobonds in 2021.

Source: Bank of America

GCC

Agencies take mixed rating actions on sovereigns

Fitch Ratings affirmed Kuwait's long-term Issuer Default Ratings at 'AA', while it revised the outlook on the ratings from 'stable' to 'negative'. It attributed the outlook revision to near-term liquidity risks from the imminent depletion of liquid assets at the General Reserve Fund (GRF), given that the parliament has yet to authorize the government to borrow. It considered that this risk is rooted in political and institutional gridlock that also explains the lack of meaningful reforms to tackle the expected weakening of Kuwait's fiscal and external balance sheets. It forecast the fiscal deficit to widen to about 21% of GDP in the fiscal year that ends in March 2021, assuming an average oil price of $45 per barrel. It estimated that a $10 decline in oil prices would raise the fiscal deficit by six percentage points of GDP. Still, it considered that Kuwait's public sector balance sheet will remain among the highest-rated sovereigns, even with limited fiscal reforms and a slow recovery in oil prices. It estimated the foreign assets of the Kuwait Investment Authority at $581bn at the end of 2020, equivalent to about 652% of GDP. In parallel, Capital Intelligence Ratings affirmed Qatar's long-term local and foreign currency ratings at 'AA-', and its short-term ratings at 'A1+', with a 'stable' outlook on the ratings. It indicated that the ratings are supported by substantial foreign assets under the Qatar Investment Authority, large hydrocarbon reserves, and a high degree of expenditure flexibility. It said that the ratings are constrained by elevated contingent liabilities, limited economic diversification, and substantial geopolitical risks. It anticipated the current account balance to shift from a deficit of 2.9% of GDP in 2020 to a surplus of 1.2% of GDP in 2021, and the fiscal surplus to expand from 1.7% of GDP in 2020 to 4.2% of GDP in 2021, amid a moderate increase in hydrocarbon exports and prices.

Source: Fitch Ratings, Capital Intelligence Ratings

IRAQ

Low policy effectiveness weighs on governance and institutional strength

Moody's Investors Service indicated that Iraq's 'Caa1' issuer rating reflects a score of 'ba2' on the country's economic strength, of 'caa3' on the strength of institutions and governance metric, of 'ba3' in terms of fiscal strength, and of 'caa' on the susceptibility to event risk. It indicated that the 'ba2' score on economic strength is supported by the size of the Iraqi economy and the country's large endowment of natural resources. But it said that volatile economic growth rates, inadequate infrastructure, as well as the lack of economic diversification and competitiveness, constrain the country's score on the economic strength category. Further, it considered that the score of 'caa3' on the strength of institutions and governance metric reflects the country's substantial institutional challenges and very low policy effectiveness. In addition, it noted that the 'ba3' score on the fiscal strength category is constrained by the elevated vulnerability of public finances to a decline in global oil prices, and by rising public debt levels. In parallel, Moody's indicated that Iraq's score of 'caa' on the susceptibility to event risk is driven by the country's heightened political risks. Iraq's 'Caa1' rating is seven notches below investment grade.

Source: Moody's Investors Service

SAUDI ARABIA

Government to increasingly rely on debt markets to finance deficits

Goldman Sachs projected Saudi Arabia's fiscal deficit to narrow from 12% of GDP in 2020 to 6.4% of GDP in 2021, compared to the government's target deficit of 4.9% of GDP. It attributed the significant narrowing of the deficit to substantially higher revenues from the anticipated recovery in global oil prices, despite additional oil production cuts under the OPEC+ agreement. Also, it expected non-oil receipts to significantly rise from the hike last July in the value-added tax rate from 5% to 15%, and from the ongoing recovery in domestic activity. In addition, it anticipated public spending to remain flat this year, despite the additional outlays on coronavirus-related measures, in contrast to the government's target to reduce expenditures by 7% this year. However, it forecast public spending to decrease from 43% of GDP in 2020 to 36.7% of GDP in 2024, while it expected revenues to remain stable as a share of GDP. As such, it projected the fiscal deficit at 4.1% of GDP by 2024. It forecast the government's financing needs at about $65bn in 2021. It said that authorities plan to draw down fiscal reserves by $17.6bn in 2021 and to finance the remaining $47bn through domestic and external debt issuance. It added that, starting in 2022, the government plans to reduce its reliance on fiscal reserves and instead rely almost exclusively on debt markets. As a result, it forecast the public debt level to rise from 35% of GDP at the end of 2021 to 43% of GDP at the end of 2024, and to remain manageable.

Source: Goldman Sachs

CÔTE d'IVOIRE

Economy to grow by at least 6% starting in 2021

Standard Chartered Bank considered that the economic outlook for Côte d'Ivoire is positive and expected real GDP to grow by at least 6% starting in 2021. It attributed the robust rebound mainly to a pickup in domestic demand, as it anticipated consumption to improve on the back of higher rural incomes from the increase of about 20% in cocoa prices for the 2020/21 crop season. It also expected that the implementation of the government's support package in response to the COVID-19 outbreak will underpin economic activity. In addition, it anticipated that the improvement in investor confidence, as well as the execution of public investment projects under the national development plan, will support investments. Further, it said that Côte d'Ivoire's cocoa export sales have remained resilient, despite a decline in global demand for cocoa. It did not expect the rise in the sale price of cocoa to impact external demand for Ivorian cocoa, which will support the country's export receipts. In parallel, it considered that the risk of a near-term devaluation of the country's currency, the CFA franc, is low, despite the appreciation of the euro against the US dollar that usually raises the cost of production in the CFA franc zone and complicates fiscal and external adjustments. It added that foreign currency reserves in the CFA franc zone are sufficient to sustain the peg and are supported by significant inflows from multilateral institutions. As such, it said that foreign currency liquidity conditions in the country are currently adequate. But it considered that the degree of fiscal and external adjustment in the CFA franc zone will be key to maintaining the sustainability of the franc's peg.

Source: Standard Chartered Bank

IRAQ

Banking sector's macro profile is "very weak"

Moody's Investors Service considered that the macro profile of the Iraqi banking system is "very weak (-)". It indicated that banks in Iraq operate in an environment of "moderate" economic strength, "very weak" institutional and governance strength, and a "very weak" susceptibility to adverse events. It attributed its assessment to the prolonged armed conflict that weighed on the economy, to high political risks, as well as to systemic corruption, a lack of transparency and the poor provisioning of public services. It said that the unfavorable security conditions and the weak legal environment have constrained the development of the Iraqi banking sector. It pointed out that seven out of the 71 banks in Iraq are state-owned and account for about 77% of the sector's total assets. It added that state-owned banks are undercapitalized, have poor corporate governance, inadequate risk management practices, and benefit from preferential treatment. Also, it noted that the sector is highly fragmented, given the elevated number of private banks. As such, it considered that the strengthening of the legal governance framework and of the country's credit bureau will accelerate the sector's growth, as it will encourage banks to relax their high collateral requirements and reduce financing costs for borrowers, which, in turn, will increase demand for loans. It noted that lending to the private sector is equivalent to 8% of GDP and considered that it could expand significantly if the operating environment and legal conditions improve. It pointed out that the system's level of non-performing loans has recently increased due to the weak operating conditions. It added that the sector's funding conditions are still favorable, as banks rely mainly on domestic funding instead of market or external funding sources.

Source: Moody's Investors Service

QATAR

Pressures on profitability to trigger consolidation

Fitch Ratings considered that pressures on the profitability of Qatari banks from the coronavirus crisis, especially on banks with small franchises and limited pricing power, could lead to more consolidation in the country's overbanked sector. It added that the state's ownership of stakes in several banks is a driver for consolidation, as mergers and acquisitions will create banks with stronger capitalization and improved competitive advantages that can support the Qatar Vision 2030 development plan. For instance, it indicated that the merger of Al Khalij Commercial Bank (AKCB) with the Islamic bank Masraf Al Rayan (MAR) will create an entity with stronger funding capacity to finance government projects, which will increase its exposure to the government and government-related entities, but also support its asset quality. It pointed out that mergers among Qatari banks could result in cost synergies that will ease the pressure on their profitability from the narrow financing margins and high loan impairment charges that resulted from the pandemic. It estimated that the merger of AKCB and MAR will result in a cost-to-income ratio of about 20%, which is lower than AKCB and MAR's individual ratios of 26% and 22%, respectively, at the end of September 2020. In parallel, it considered that consolidation could increase risks to the banks' asset quality from the valuation of collateral, from changes in loan classification policies, and from building the necessary provisions against the purchased impaired assets.

Source: Fitch Ratings

AFRICA

Banking sector outlook 'stable' in 2021

Fitch ratings indicated that the 2021 outlook for African banks is stable, as it anticipated the gradual recovery in economic activity and operating conditions to increase business volumes and help compensate for lost revenues. However, it did not expect the banks' performance to rebound to pre-coronavirus levels before at least two years. It forecast lending to expand gradually as a result of improved economic conditions and pent-up demand, but considered that banks will remain risk averse and limit lending due to substantial under-provisioning and the increase in impaired loans. In addition, it projected the coronavirus shock, the slow recovery in the activity of key sectors, the increase in unemployment rates, the higher probability of corporate defaults, as well as the expiry of the debt relief measures, to accelerate the deterioration of African banks' asset quality in 2021. It forecast the impaired loan ratios to reach low double digits in some countries. Further, it expected banks to continue to post profits despite the surge in credit losses. Moreover, it said that the banks' satisfactory capital, funding and liquidity positions will continue to support their credit fundamentals. In parallel, the agency indicated that 50% of African banks currently have a 'negative' outlook or are on Rating Watch Negative, relative to 35% a year ago. It added that African banks' issuer default ratings are concentrated in the 'B' category, which means that any decision to downgrade the banks' ratings would require a significant deterioration of their credit metrics, outside of a sovereign downgrade. Still, the agency noted that downside risks to the outlook include a weaker-than-anticipated macroeconomic recovery, stretched public finances, policy uncertainties and heightened social tensions.

Source: Fitch Ratings

ANGOLA

NPLs ratio at 20% at end-September 2020

The International Monetary Fund indicated that Angola's banking sector is well-capitalized but remains vulnerable to shocks. It said that banks are operating in a recessionary economic environment, amid a significant depreciation of the exchange rate and high inflationary pressures; while the COVID-19 outbreak has taken a toll on the banks' balance sheets. It noted that the sector's capital adequacy ratio stood at 25.6% at the end of September 2020, up from 23.2% at end-2019. In parallel, it indicated that the sector's liquidity is adequate and that the banks' aggregate liquid assets represented 28.7% of total assets at the end of September 2020, while they were equivalent to 35.2% of short-term debt. It said that the sector's loans-to-deposits ratio stood at 33.7% at end-September 2020 relative to 44% a year earlier. It added that foreign currency loans represented 32.2% of total loans, while foreign currency liabilities stood at 54.6% of deposits at the end of September 2020. Further, it pointed out that the non-performing loans ratio decreased from 32.4% at end-2019 to 20.2% at end-September 2020, mainly due to the restructuring of one of the two troubled state-owned banks. It called on authorities to continue to closely monitor the potential impact of the crisis on the banks' asset quality, and to identify any further deterioration in their loan portfolios. It encouraged authorities to ensure prudent provisioning for loan losses, and to tightly oversee the banks' net open foreign currency positions given the substantial exchange rate risks.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil prices to reach $65 p/b by July 2021

ICE Brent crude oil front-month prices averaged $55.2 per barrel (p/b) in January 2021 and increased by 9.7% from $50.3 p/b in December 2020. Oil prices have been recovering from the coronavirus-led drop in 2020, as they nearly reached their level of $55.5 p/b in February 2020, right before the World Health Organization declared the coronavirus to be a global pandemic, and prices fell to an average of $33.7 p/b in March 2020. Also, prices reached $58.5 p/b on February 3, 2021, their highest level since February 2020. Oil prices have been supported by Saudi Arabia's oil production cut, a high compliance level with the output reduction of the OPEC and non-OPEC alliance, and by prospects that a coronavirus vaccine as well as stimulus packages in several countries would boost the recovery in global oil demand. In parallel, Goldman Sachs expected the increase in global oil demand to continue to rebalance the oil market, given that the logistical challenges of vaccination appear to be temporary and the vaccine seems to have a high level of efficacy. As such, it anticipated an average deficit of 0.9 million barrels per day in the global oil market in the first half of 2021. It pointed out that the relatively low drilling activity at current price levels reduces the risk of higher output from oil producers outside the OPEC and non-OPEC alliance, which will help offset the potential slowdown in demand recovery in case the vaccine fails to contain the outbreak. It forecast Brent oil prices to reach $65 p/b by July 2021, and added that the growing evidence of under-investment in the sector raises the upside potential for prices in 2022.

Source: Goldman Sachs, Refinitiv, Byblos Research

Iraq's oil exports receipts up 12% in January

Preliminary figures show that Iraq's crude oil exports totaled 89 million barrels in January 2021, up by 0.8% from 88.2 million barrels in December 2020. Oil exports averaged 2.9 million barrels per day (b/d) in January 2021 compared to 2.8 million b/d in December. Exports from the central and southern fields reached 86 million barrels in January, while shipments from the Kirkuk fields totaled 3 million barrels. Oil receipts stood at $4.7bn in January 2021, up by 12% from $4.2bn in December 2020.

Source: Iraq Ministry of Oil, Byblos Research

Middle East's jewelry demand down 32% in 2020

Demand for jewelry in the Middle East totaled 116 tons in 2020, constituting a decline of 31.8% from 170 tons in 2019 and accounted for 8.2% of global jewelry demand. Consumption of gold jewelry in Saudi Arabia reached 25.3 tons in 2020, representing 22% of the region's demand. The UAE followed with 21.5 tons (18.6%), then Iran with 20 tons (17.3%), Egypt with 19.8 tons (17.1%), and Kuwait with 10.3 tons (9%).

Source: World Gold Council, Byblos Research

Nigeria's oil receipts down 42% in first 10 months

Nigeria's receipts from the export of crude oil and condensate totaled $2.4bn in the first 10 months of 2020, down by 41.6% from $4.1bn in the same period of 2019. Export revenues consisted of $1.5bn from crude oil exports (63.2%), $511.4m from gas exports (21.5%), and $363.3m in other receipts (15.3%). The authorities transferred $1bn in hydrocarbon revenues to the Federation Account in the covered period, and used $1.3bn to pay global oil companies to guarantee current and future oil production.

Source: Nigerian National Petroleum Corporation

Base Metals: Aluminum prices to average $1,966 per ton in 2021

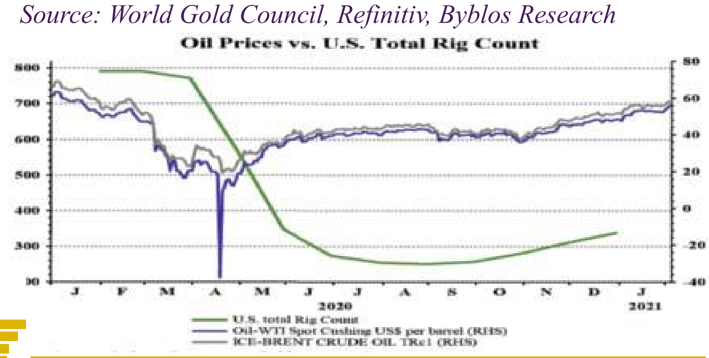
The LME cash price of aluminum averaged $1,705 per ton in 2020, and decreased by 5% from an average of $1,794 a ton in 2019. Prices averaged $1,692 per ton in the first quarter of 2020, then declined to $1,498 a ton in the second quarter due to the spread of the coronavirus that weighed on economic activity and on demand for metals worldwide. Aluminum prices recovered to an average of $1,706 per ton in the third quarter and to an average of $1,920 a ton in the fourth quarter of the year, mainly because demand for metals rebounded, notably in China, and manufacturing activity accelerated globally. Further, aluminum prices averaged $2,003 per ton in January 2021, down by 0.7% from an average of $2,016 a ton in December 2020 and up by 13% from an average of $1,773 per ton in January 2020. Prices closed at $1,973 a ton on February 3, 2021, as prospects of a slower growth in demand for metals in China, a stronger US dollar and the slow progress in approving the economic stimulus in the U.S., have recently weighed on aluminum prices. In parallel, a recent Reuters poll shows that analysts project aluminum prices to average $1,966 per ton in 2021, as they expect the slowdown in China's economic growth, the high level of inventories, and the large supply surplus in the aluminum market to contain the rise in prices.

Source: Refinitiv, Byblos Research

Precious Metals: Gold prices up 20% year-on-year in January 2021

Gold prices averaged $1,867.3 per troy ounce in January 2021, constituting an increase of 19.7% from an average of $1,559.4 an ounce in the same month of 2020. The rise in the metal's price is mainly due to an environment of accelerating inflation rates, which has reinforced the appeal of gold as a hedge against potential inflationary pressure. Also, the metal's reached $1,834.7 per ounce on February 3, 2021, down by 5.8% from a recent high of $1,946.7 on January 5, 2021, due to concerns that the U.S. economic stimulus package could be delayed, as well as to uncertainties about the global economic recovery. In parallel, global gold demand totaled 3,759.6 tons in 2020 and declined by 14.3% from 4,386.4 tons in 2019. The drop was due to a decline of 59.2% in net purchases by central banks, a decrease of 33.5% in jewelry consumption, and a contraction of 7.4% in demand from the technology sector, which were partly offset by an increase of 39.7% in investments in exchange-traded funds (ETFs) and in demand for bars & coins. Demand for bars & coins and investments in ETFs accounted for 47.2% of demand in 2020, followed by jewelry consumption (37.5%), demand from the technology sector (8%), and net purchases by central banks (7.3%). In parallel, global gold supply declined by 4% to 4,633.1 tons in 2020, with mine production representing 73.4% of the total.

Source: World Gold Council, 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	CCC+	Caa1	CCC	-	CCC								
	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	B	B2	B		B+								
	Negative	Negative	Negative	-	Negative	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	B-	B3	B	-	BB-								
	Stable	Negative	Stable	-	Negative	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	B+	-	B+								
	-	Stable	Positive	-	Stable	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-	CCC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Dem Rep	CCC+	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	Stable	Stable	-	Negative	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	B2	B	-	B-								
	Stable	Negative	Stable	-	Negative	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-	-	-	-	-	-	-	-
Tunisia	-	B2	B	-	B+								
	-	Negative	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+	BB-	B+								
	Stable	Stable	Stable	Negative	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	Negative	-	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	AA-	A1	AA	AA-	AA-								
	Negative	Stable	Negative	Stable	Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD	C	C	SD	CCC								
	-	-	-	-	Negative	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	B+	Ba3	BB-	BBB-	BB-								
	Stable	Negative	Negative	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+								
	Stable	Negative	Negative	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	-	Ba3	B+	-	B-								
	-	Stable	Stable	-	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	BBB-	Baa3	BBB	-	BBB-								
	Stable	Stable	Stable	-	Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+	B2	BB-	B+	B-								
	Stable	Negative	Negative	Stable	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B	B3	B	-	B-								
	Stable	Stable	Stable	-	Stable	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*

Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, IHS Markit, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.00-0.25	27-Jan-21	No change	17-Mar-21
Eurozone	Refi Rate	0.00	21-Jan-21	No change	11-Mar-21
UK	Bank Rate	0.10	04-Feb-21	No change	18-Mar-21
Japan	O/N Call Rate	-0.10	21-Jan-21	No change	19-Mar-21
Australia	Cash Rate	0.10	02-Feb-21	No change	02-Mar-21
New Zealand	Cash Rate	0.25	11-Nov-20	No change	24-Feb-21
Switzerland	SNB Policy Rate	-0.75	17-Dec-20	No change	25-Mar-21
Canada	Overnight rate	0.25	20-Jan-21	No change	10-Mar-21
Emerging Markets					
China	One-year Loan Prime Rate	3.85	20-Jan-21	No change	22-Feb-21
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	17-Dec-20	No change	N/A
South Korea	Base Rate	0.50	15-Jan-21	No change	25-Feb-21
Malaysia	O/N Policy Rate	1.75	20-Jan-21	No change	04-Mar-21
Thailand	1D Repo	0.50	03-Feb-21	No change	24-Mar-21
India	Reverse repo Rate	4.00	04-Dec-20	No change	05-Feb-21
UAE	Repo Rate	1.50	16-Mar-20	No change	N/A
Saudi Arabia	Repo Rate	1.00	16-Mar-20	Cut 75bps	N/A
Egypt	Overnight Deposit	8.25	24-Dec-20	No change	04-Feb-21
Jordan	CBJ Main Rate	2.50	16-Mar-20	Cut 100bps	N/A
Turkey	Repo Rate	17.00	21-Jan-21	Raised 200bps	18-Feb-21
South Africa	Repo Rate	3.50	21-Jan-21	No change	25-Mar-21
Kenya	Central Bank Rate	7.00	27-Jan-21	No change	N/A
Nigeria	Monetary Policy Rate	11.50	26-Jan-21	No change	23-Mar-21
Ghana	Prime Rate	14.50	01-Feb-21	No change	22-Mar-21
Angola	Base Rate	15.50	29-Jan-21	No change	29-Mar-21
Mexico	Target Rate	4.25	17-Dec-20	No change	11-Feb-21
Brazil	Selic Rate	2.00	20-Jan-21	No change	N/A
Armenia	Refi Rate	5.50	02-Feb-21	Raised 25bps	16-Mar-21
Romania	Policy Rate	1.25	15-Jan-21	Cut 25bps	N/A
Bulgaria	Base Interest	0.00	01-Feb-21	No change	01-Mar-21
Kazakhstan	Repo Rate	9.00	25-Jan-21	No change	09-Mar-21
Ukraine	Discount Rate	6.00	21-Jan-21	No change	04-Mar-21
Russia	Refi Rate	4.25	18-Dec-20	No change	12-Feb-21

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