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BYBLOS BANK SAL
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NEWS HEADLINES

MENA

Venture capital funding up 139% to $2.6bn in 2021

Figures released by online platform Magnitt showed that venture capital (VC) funding reached a record high of $2.58bn in the Middle East & North Africa (MENA) region in 2021, constituting a jump of 138.5% from $1.08bn in 2020; while the number of VC deals totaled 590 in 2021 and increased by 10% from 537 transactions in 2020. Investments in MENA-based startups totaled $336m in the first quarter, $885m in the second quarter, $734m in the third quarter, and $622m in the fourth quarter of 2021; while there were 141 deals in the first quarter, 138 transactions in the second quarter, 140 deals in the third quarter, and 171 transactions in the fourth quarter of 2021. Further, it noted that VC investments in UAE-based startups stood at $1.17bn, or 45.2% of placements in the region's startups in 2021, followed by startups in Saudi Arabia with $548m (21.3%), Egypt with $502m (19.5%), Jordan with $119m (4.6%), and Bahrain with $52m (2%). The UAE attracted 155 deals in 2021, or 26.3% of the total, followed by Egypt with 145 transactions (24.6%), Saudi Arabia with 139 deals (23.6%), Jordan with 46 transactions (7.8%), and Morocco with 17 transactions (3%). In parallel, the food & beverage sector was the recipient of 23% of VC funding in the MENA region, followed by fintech firms with 17.4%, e-commerce companies (17%), transport & logistics startups (13.5%), and enterprise software firms (7.6%). Also, the number of VC investments in the fintech sector stood at 108, and accounted for 18.3% of the aggregate number of deals, followed by e-commerce with 87 deals (14.7%), transport & logistics with 61 transactions (10.3%), enterprise software with 43 deals (7.3%), and healthcare with 40 transactions (6.8%). In addition, there were 35 exits from VC investments in 2021 compared to 16 exits in 2020, including 11 exits by UAE-based ventures in 2021.

Source: Magnitt

Level of human freedoms varies across Arab world

The Fraser Institute ranked Jordan in 94th place among 165 countries worldwide and in first place among 19 Arab countries on its Index of Human Freedom for 2021. Lebanon followed in 108th place, then Tunisia (116th), Kuwait (121st), Qatar (128th) as the highest ranked Arab countries on the index, while Iraq (157th), Egypt (161st), Sudan (162nd), Yemen (163rd), and Syria (165th) were the lowest ranked countries in the region. The index measures the level of human freedom around the world based on a broad measure of personal, civil, and economic freedoms. The index is a composite of two sub-indices that are the Personal Freedom Sub-Index and the Economic Freedom Sub-Index. A country's score ranges between zero and 10 points, with a score of 10 points representing the highest level of human freedom. The Arab region's average score stood at 5.52 points in 2021 compared to the global average of 7.12 points. Also, the region's score came lower than the average scores of North America (8.79 points), Europe & Central Asia (8.06 points), Latin America & the Caribbean (7.44 points), East Asia & the Pacific (7.32 points), Sub-Saharan Africa (6.55 points), and South Asia (6.39 points). Further, Tunisia ranked first in the Arab world on the Personal Freedom Sub-Index, while Jordan came in first place on the Economic Freedom Sub-Index.

Source: Fraser Institute, Byblos Research

Equity issuance up 193% to $14.5bn in 2021

Equity Capital Markets (ECM) issuance in the Middle East & North Africa region, which includes equity and equity-related issuances, totaled $14.5bn in 2021, constituting a surge of 193% from nearly $4.9bn in 2020 and representing its highest level in 13 years. Also, initial public offerings amounted to $8.2bn in 2021 and accounted for 56% of the region's ECM issuance. In parallel, debt issuance in the MENA region reached $107.5bn in 2021, down by 12% from nearly $122.2bn in 2020. Debt issuance in the UAE reached $32.4bn and accounted for 30% of the total, followed by Saudi Arabia with $25.3bn (23.5%) during 2021. In addition, the amount of announced mergers & acquisitions (M&A) in the region, which includes inbound, outbound and domestic deals, totaled $109.1bn in 2021 and increased by 57% from nearly $69.5bn in the preceding year. Further, investment banking fees in the region reached $1.4bn in 2021, up by 3% from 2020, and representing its second highest level on record. Syndicated lending fees amounted to $525m and accounted for 36% of the overall fee pool, followed by fees produced from transactions in the financial sector with $495.5m (34%), fees from equity capital markets transactions with $334.4m (23%), fees from M&A deals with $317.2m (22%), and bond underwriting fees with $271.6m (20%).

Source: Refinitiv

GCC

Fixed income maturities at $371bn in 2022-26 period

Figures released by KAMCO show that bonds and sukuk maturities for sovereigns and corporate issuers in the Gulf Cooperation Countries (GCC) countries stand at $370.5bn in the 2022-26 period, and include $63.9bn that are due in 2022, $72.5bn that mature in 2023, $83.9bn payable in 2024, $66bn due in 2025, and maturities of $84.2bn in 2026. Sovereign and corporate bonds account for $228.3bn, or 61.6%, of total fixed income maturities in the covered period, while sovereign and corporate sukuk represent $142.2bn, or 38.4% of the total. Sovereign maturities amount to $196.1bn, or 53% of the total, while corporate bonds and sukuk maturities stand at $174.5bn, or 47% of the total in the 2021-26 period. Saudi Arabia has $136.2bn in upcoming maturities in the next five years, which represents 36.7% of total fixed income dues, followed by the UAE with $104.2bn (28.1%), Qatar with $75.1bn (20.3%), Oman with $20.4bn (5.5%), Bahrain with $20.1bn (5.4%), and Kuwait with $14.7bn (4%). Further, maturing bonds and sukuk in US dollars account for $219.1bn, or 59.2% of total maturities in the covered period, followed by dues in the Saudi riyal with $72.5bn (19.6%), and in the Qatari riyal with $25.8bn (7%). On a sectoral basis, banks and other financial services providers have $102.1bn in maturities in the next five years, accounting for 27.5% of total maturities, followed by firms in the energy sector with $17.7bn (4.8%), the real estate sector with $11.7bn (3.2%) and utilities with $10.7bn (2.9%).

Source: KAMCO

OUTLOOK

AFRICA

Growth to accelerate to 3.7% in 2022-23 period, risks tilted to the downside

The World Bank projected real GDP growth in Sub-Saharan Africa (SSA) at 3.6% in 2022 and 3.8% in 2023, following an expansion of 3.5% in 2021. It attributed the region's improved near-term economic prospects to elevated commodity prices as activity continues to rebound in the region's main trading partners, and to a gradual recovery in tourism, as vaccinations in some tourism-reliant economies already are proceeding at a much faster pace than in the rest of the region. However, it said that the speed of the region's recovery is constrained by elevated policy uncertainty in many SSA countries, social unrest and conflict, rising poverty and food insecurity, delays to investments in infrastructure and mining, as well as the slow implementation of structural reforms.

It forecast real GDP growth at 2.5% in 2022 and 2.8% in 2023 in Nigeria, at 3% annually in Angola in the 2022-23 period, as well as at 2.1% in 2022 and 1.5% in 2023 in South Africa. Further, it forecast real GDP growth in the SSA region, excluding the three countries, at 5.2% annually in the 2022-23 period, supported by increasing agricultural production among agricultural commodity exporters, as well as by elevated commodity prices that will support a recovery in extractive sectors in several commodity exporters.

The World Bank anticipated that the significant deterioration in fiscal balances in many SSA countries, limited financing, and pressure to improve debt sustainability, will lead to a much less supportive fiscal stance across the region in the near- to medium terms. It expected fiscal adjustments to take place on the public expenditures side with a steeper reduction in fiscal deficits in resource-rich countries, due in part to higher revenues from elevated commodity prices and fiscal consolidation efforts in some countries. It anticipated the fiscal space of non-resource intensive SSA economies to remain tight, amid the slow growth in public revenues. Further, it considered that the outlook for SSA countries is subject to downside risks that include uncertainties about the evolution of the pandemic, low vaccination rates, persistent poverty rates and food insecurity, less favorable global financial conditions, as well as rising conflicts in the region.
Source: World Bank

GCC

Non-resident capital inflows at $109bn in 2022

The Institute of International Finance (IIF) projected the combined current account surplus of the six Gulf Cooperation Council (GCC) countries to surge from $131bn in 2021 to $182bn in 2022, the equivalent of 10% of GDP, if global oil prices average $75 per barrel this year. As a result, it expected resident capital outflows from the region to rise from $253bn in 2021 to nearly $261bn in 2022, their highest level since 2014. Also, it forecast gross public foreign assets of GCC sovereigns to increase to about $3.5 trillion by the end of 2023, and pointed out that 70% of such assets are managed by sovereign wealth funds with diversified portfolios of public equities, fixed income securities, and shares in global companies.

In parallel, the IIF projected capital inflows to GCC economies at $109bn in 2022, down by 23.3% from $142.2bn in 2021. It forecast portfolio inflows at $42.6bn in 2022, representing a drop of 10.5% from $47.6bn in the previous year; while it projected foreign direct investments at $39bn this year relative to $45.5bn in 2021. It anticipated a decrease in foreign-currency bond issuance, mainly due to a decline in sovereign borrowing as a result of significant fiscal surpluses. However, it anticipated the decrease in sovereign borrowing to be partly offset by higher borrowing from the financial and non-financial corporate sectors. Also, it projected a substantial increase in the regions' issuance of "green" bonds this year, as authorities in the UAE and Saudi Arabia are encouraging green financing and investments in sustainable projects as part of their efforts to diversify their economies away from hydrocarbons. In addition, it expected other investments in GCC countries, mainly banking-related flows, at $27.5bn in 2022, down by 14.3% from $32.1bn in 2021.

Further, it did not expect that a tighter monetary policy in the United States and the tapering of global liquidity conditions in 2022 to constitute major risks for fixed income issuance in GCC countries. It anticipated that higher oil prices, robust growth prospects, strong external positions, fiscal surpluses, and low public debt levels to support the credit profiles of GCC sovereign in the near term.
Source: Institute of International Finance

NIGERIA

Economic activity to expand by 2% annually in 2022-23 period

Bank of America (BofA) expected economic activity in Nigeria to normalize in the near term and projected real GDP growth at 2.1% in each of 2022 and 2023, relative to an expansion of 2.5% in 2021. It anticipated the shortage of foreign currency for imported goods to constrain activity in the non-oil sector. It expected the contribution of the oil sector to economic growth to remain negative due to domestic production constraints. It considered that the enactment of the Petroleum Investment Bill could pave the way for new exploration investment activity in coming years, and that a more open market for foreign currency would boost demand for the latter, as well as support imports and the country's growth prospects. Further, it projected the inflation rate to decline from an average of 16.7% in 2021 to 13.2% in 2022 and 11.6% in 2023, amid expectations of lower food prices. It added that the transmission of high global oil prices to fuel prices in Nigeria is limited because of fuel subsidies that cap local oil price. It anticipated that the pass through effect of higher energy prices could lead to higher inflation rates, in case the government follows through with its plan to remove fuel subsidies by mid-2022.

In parallel, BofA considered that Nigerian authorities have enacted a conservative budget for 2022, which would provide the government with some fiscal space in case unexpected risks to public expenditures materialize. Also, it noted that authorities are introducing a digital tax, as part of efforts to increase tax revenues from a very low level of 5% of GDP. As such, it projected the fiscal deficit to slightly narrow from 5% of GDP in 2021 to 4.5% of GDP in 2023. Also, it said that the government expects that a gradual approach to lifting fuel subsidies could mitigate social unrests usually associated with subsidy removal.
Source: Bank of America

GCC

Agency takes ratings action on sovereigns

S&P Global Ratings affirmed Kuwait's long- and short-term foreign- and local-currency sovereign credit ratings at 'A+/A-1', and maintained the 'negative' outlook on the long-term ratings. It indicated that the ratings are supported by the country's high fiscal and external buffers, but noted that the ratings are constrained by the relatively weak institutional settings, by policy stalemates between the government and Parliament, as well as by information gaps about the size and composition of the General Reserve Fund and the Future Generations Fund (FGF). Still, it expected that the government will overcome parliamentary opposition and enact the debt law, or tap the FGF, if it cannot find other options to finance the fiscal deficit. Also, it said that the 'negative' outlook mainly reflects risks related to the government's inability to implement a financing strategy for future fiscal deficits in the coming 12 to 24 months. Further, the agency indicated that it could downgrade Kuwait's ratings if government deficits persist over the medium term, if the government does not implement fiscal reforms, and/or if Parliament does not pass the debt law or does not authorize other sources of budget financing. Also, it said that it could revise the outlook on the ratings to 'stable' if the government successfully addresses Kuwait's existing fiscal funding constraints. In parallel, S&P indicated that the drone strikes by Houthi rebels on an industrial area in the Emirate of Abu Dhabi reflect geopolitical risks that the agency has factored into the emirate's sovereign ratings of 'AA/A-1+'. It expected the exceptional strength of Abu Dhabi's balance sheet to be a key support for the emirate's ratings, amid anticipated geopolitical uncertainties in the wider Gulf region.

Source: S&P Global Ratings

IRAQ

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Iraq's long- and short-term foreign currency issuer default rating at 'B-', six notches below investment grade, with a 'stable' outlook on the long-term rating. It also affirmed Iraq's Country Ceiling at 'B-' It indicated that the ratings balance the country's elevated foreign currency reserves and low debt servicing costs, with the economy's high dependence on the oil sector, weak governance, high political risks, and an undeveloped banking sector. It projected the fiscal surplus at 5% of GDP in 2022 and 0.3% of GDP in 2023, in case of higher oil revenues and broadly stable public spending, and if oil prices average $70 per barrel (p/b) this year and $60 p/b next year. Also, it forecast the public debt level to stabilize at 57% of GDP in the 2022-23 period, amid robust oil-driven real GDP growth and sustained fiscal surpluses. It also expected authorities to repay the government's maturing domestic debt and to avoid issuing new external debt. In parallel, the agency said that it could downgrade Iraq's ratings in case the country's external or fiscal position deteriorates, and/or in case of a significant deterioration in the country's security conditions that could negatively impact oil production and exports. It noted that it would upgrade the ratings in case of a sustained period of high oil prices, higher oil production and exports that would support the country's fiscal and external balances, if authorities implement fiscal and structural reforms, and/or in case of improved activity in the non-oil economy.

Source: Fitch Ratings

GHANA

Ratings downgraded on weak external finances

Fitch Ratings downgraded Ghana's long-term foreign and local currency Issuer Default Ratings (IDRs) from 'B' to 'B-', which are six notches below investment grade, with a 'negative' outlook on the ratings. It also downgraded the Country Ceiling from 'B' to 'B-', while it maintained the short-term local and foreign currency IDRs at 'B'. It attributed the downgrades to the country's lack of access to international capital markets in the second half of 2021, due to a surge in the government's debt level, uncertainties about the government's ability to stabilize the debt level, and a backdrop of tightening global financing conditions. It added that Ghana's heavy reliance on domestic debt issuance that carries high interest rates could hinder its ability to implement planned fiscal consolidation measures. However, it considered that Ghana has sufficient liquidity and other external financing options to cover its near-term debt servicing without having to issue Eurobonds. It anticipated that higher foreign direct investments in the near term and lower fiscal financing needs will help reduce the country's overall external indebtedness, and forecast the net external debt level at 25% of GDP at the end of 2022. It also considered that the government can meet its external debt servicing without market access, as its foreign currency reserves stood at $7.9bn at end-2021. In parallel, it said that it could downgrade the ratings if foreign currency reserves decline, if access to external financing tightens, in case of non-resident capital outflows, or if debt-servicing costs increase.

Source: Fitch Ratings

ARMENIA

Deep structural reforms can raise growth rates to 6.5% annually

The International Monetary Fund (IMF) considered that Armenia's potential economic growth could accelerate considerably by rebalancing the economy from domestic to external demand. It said that the sophistication, complexity, and value-added of Armenia's exports has declined in the past 20 years, and that there has been a shift from foreign direct investments towards external debt-based financing. It added that growth has been largely driven by consumption and non-tradable activity. But it noted that, after the global financial crisis, services, agriculture, mining, and industry became the drivers of slower, but generally more balanced, growth. It said that raising the economy's growth potential requires a broad set of structural reforms, such as improving the quality of the physical and digital infrastructure, raising the level of education, reducing export costs, investing in research and development, adjusting the currency's real effective exchange rate, and reducing income inequality. It added that focusing on upgrading export services could be particularly promising. Further, the IMF stated that the government's 2021-26 reforms program outlines an agenda that could facilitate the rebalancing of the economy. It considered that the economy's baseline medium-term growth potential in the current economic conditions is 4% yearly. It noted that, if authorities implement the core elements of the government's plan, potential growth could accelerate to between 5% and 5.5% yearly. It added that, in case authorities put in place more ambitious reforms package and take policy actions swiftly, potential growth could reach around 6.5% annually.

Source: International Monetary Fund

EGYPT

Currency depreciation unlikely in near term

Goldman Sachs indicated that investors are raising concerns about the sustainability of the exchange rate of the Egyptian pound at its current level, amid Egypt's elevated external financing needs, the recent appreciation of the real exchange rate of the pound, and rising real interest rates. As such, it noted that foreign portfolio inflows fell from an estimated high of $33bn in July 2021 to about $25bn at the end of the year. But it did not expect the pound to depreciate significantly in the near term. It said that the misalignment of the pound is modest, that any depreciation of the pound would not substantially support the current account, and that the potential costs of higher foreign currency volatility could be significant. It added that the country's external buffers are adequate to maintain the exchange rate at current levels, and that the external outlook is improving independently of any foreign currency adjustment. Still, it stated that authorities need to address Egypt's rising external imbalances, as the wide trade deficit exposes the country to the risk of volatile tourism and remittance inflows, and makes it dependent on short-term debt financing. It added that the latter has resulted in elevated domestic interest rates, which has negatively affected investments, growth and public finances. As such, it stressed that a failure to address these structural issues in the near term would increase the risks of the currency's depreciation in the medium to long terms. Also, it said that Egypt has a limited amount of debt and portfolio inflows to rely on to fund its external financing needs, which would contribute to the misalignment of the pound and raise the risks of a disorderly depreciation in the absence of near-term reforms.

Source: Goldman Sachs

DEM REP CONGO

IMF calls for reducing banking sector's elevated dollarization rate

The International Monetary Fund considered that the banking sector in the Democratic Republic of Congo is well capitalized, liquid and profitable, despite the sector's vulnerability to external shocks, the highly dollarized financial system, and the impact of the COVID-19 outbreak on economic activity. It said that the sector's capital adequacy ratio stood at 12% at the end of August 2021, down from 14% at end-2019, and exceeded the minimum regulatory requirement of 8%; while its Tier One capital ratio was 10% at end-August 2021 compared to 12% at end-2019. It indicated that the non-performing loans (NPLs) ratio increased from 6.5% at end-2019 to 8.8% at end-August 2021. But it noted that the rise in NPLs was limited due to the implementation of regulatory forbearance measures and to the ongoing suspension of the reclassification of loans. Also, it pointed out that the sector's liquidity coverage ratio stood at 250% at the end of August 2021 compared to 175% at end-2019. In parallel, it noted that the dollarization rate at banks remains elevated, given that only 13% of deposits and 4% of bank loans were denominated in Congolese francs at end-August 2021. As such, the IMF called on authorities to reduce the dollarization rate in the economy in order to help improve the monetary policy transmission mechanism of the Central Bank of Congo. Also, it stressed the importance of adopting a new Commercial Bank Law to improve the financial sector regulatory framework in the near term.

Source: International Monetary Fund

JORDAN

Impact of pandemic to take time to materialize on banks' asset quality

The International Monetary Fund indicated that the banking sector in Jordan is well capitalized and liquid. It noted that the Central Bank of Jordan (CBJ) managed to implement effective measures and a supervisory framework that helped maintain the system's financial soundness, in order to ensure an adequate and timely monitoring of risks in the system and to mitigate the impact of the COVID-19 shock. It said that the sector's capital adequacy ratio reached 18.3% at end-June 2021, unchanged from end-2019 and end-2020, well above the minimum regulatory requirement of 12%. It added that the CBJ's decision to prohibit banks from distributing dividends in 2019 and to cap their dividends distribution at 20% of profits in 2020 has supported the banks' capital position. It indicated that the banks' profits have returned to pre-pandemic levels in June 2021, as the banks booked most of their provisions in 2020. It stated that the banks' return on assets improved from 0.6% in 2020 to 1.2% in June 2021 on an annualized basis. It noted that the sector's non-performing loans (NPLs) ratio regressed from 5.5% at end-2020 to 5.3% at end-June 2021, given the extension of the debt deferment period from June 2021 to end of 2021. It added that the NPLs' coverage ratio increased from 71.5% at end-2020 to 75.2% at end-June 2021. Further, the IMF stressed the importance of the CBJ's requirement that obliges banks to follow strict provisioning guidelines that are in line with international accounting standard IFRS 9, as it considered that the impact of the pandemic on the economy will likely take time to materialize on the banks' asset quality. In addition, it pointed out that the dollarization rate at Jordanian banks reached its lowest level since 2018, with deposits in foreign currency declining from 21% at-end 2019 to 19% at end-2021.

Source: International Monetary Fund

ANGOLA

Restructuring of state-owned banks under way

The International Monetary Fund indicated that Angola's banking sector is well capitalized, but that it remains vulnerable to shocks. It noted that the sector's capital adequacy ratio stood at 19% at end-June 2021, the latest available figure, down from 20.3% at end-2020. It said that the Banco Nacional de Angola (BNA) is aiming to implement a strategy to recapitalize and restructure the second largest troubled state-owned bank without further relying on public funds. Also, it said that authorities are stepping up efforts to restructure the largest troubled state-owned bank and to recover non-performing loans (NPLs) of Recredit, the asset management company that received part of the bank's NPLs. It considered these measures to be necessary steps to finalize a strategy for the role of the state in the banking sector, as well as to complete the restructuring and recapitalization of banks in Angola. Further, it pointed out that the NPLs ratio slightly decreased from 18.4% at end-2020 to 18.2% at end-June 2021, and that 50% of the system-wide NPLs is in the two troubled public banks. As such, it called on the BNA to step up efforts to closely monitor a potential deterioration in the banks' asset quality and to develop a plan to reduce the level of NPLs, following the impact of the COVID-19 pandemic and related forbearance measures.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil prices to average $85 p/b in first quarter of 2022

ICE Brent crude oil front-month prices reached $88.44 per barrel (p/b) on January 19, 2022, their highest level in seven years, constituting an increase of 13.7% from $77.8 p/b at the end of 2021 and a surge of 58.2% from a year earlier. The rise in prices was mainly driven by strong demand for oil and short-term supply disruptions, due to the limited impact on demand for oil from the Omicron variant, as well as to the struggle that many OPEC+ producers are facing in order to reach their production target amid lack of investment in fossil fuel sources. Further, the International Energy Agency said that global demand for oil is on track to hit its pre-pandemic levels in 2022. Also, OPEC officials and analysts expected the rally in oil prices to continue in the next few months and for prices to reach $100 p/b, as they forecast robust growth in the demand for oil, despite the fallout of the Omicron variant of the coronavirus and the expected increase in global interest rates. In contrast, fears about global political tensions that involve major producers, such as the UAE and Russia, could exacerbate the tight supply outlook for oil. Also, a key oil pipeline running from Iraq to Turkey that exploded on Wednesday 19, 2022 drove oil prices to peak $89.17 p/b on the same day. In parallel, Bank of America considered that the U.S.'s potential release of oil from its strategic reserves and the revival of the Joint Comprehensive Plan of Action with Iran pose downside risks to oil prices in 2022, while the possible emergence of a new COVID-19 variant would pose upside risks to the market. It projected oil prices to average $85 p/b in the first quarter of 2022, $95 p/b in the second quarter, $85 p/b in the third quarter, and $85 p/b in the fourth quarter of 2022. It also forecast oil prices to average $85 p/b in 2022.

Source: Bank of America, International Energy Agency, OPEC, Reuters, Refinitiv, Byblos Research

OPEC oil output up 0.6% in December 2021

The members of the Organization of Petroleum Exporting Countries, based on secondary sources, produced 27.9 million barrels of oil per day (b/d) on average in December 2021, constituting an increase of 0.6% from 27.7 million b/d in November 2021. Saudi Arabia produced 9.9 million b/d, or 35.6% of OPEC's total output, followed by Iraq with 4.3 million b/d (15.3%), the UAE with 2.9 million b/d (10.3%), Kuwait with 2.6 million b/d (9.2%), and Iran with 2.5 million b/d (9%).

Source: OPEC

Libya's oil and gas receipts at $21.6bn in 2021

Libya's oil and gas revenues totaled $21.6bn in 2021, constituting a jump of 266% from $5.9bn in 2020. Oil and gas receipts reached $2.2bn in December, as they increased by 4.7% from $2.1bn in the preceding month and doubled from $1.1bn in December 2020.

Source: National Oil Corporation, Byblos Research

OPEC's oil basket price down 7.5% in December 2021

The price of the reference oil basket of the Organization of Petroleum Exporting Countries averaged $74.38 per barrel (p/b) in December 2021, representing a decrease of 7.5% from $80.37 p/b in November 2021. Algeria's Sahara blend price was at $75.5 p/b, followed by Saudi Arabia's Arab Light at $75.49 p/b, and Kuwait Export at $75.38 p/b. All prices in the OPEC basket posted monthly decreases of between $5.32 p/b and $7.9 p/b in December 2021.

Source: OPEC

Base Metals: Zinc prices to average $3,180 per ton in first quarter of 2022

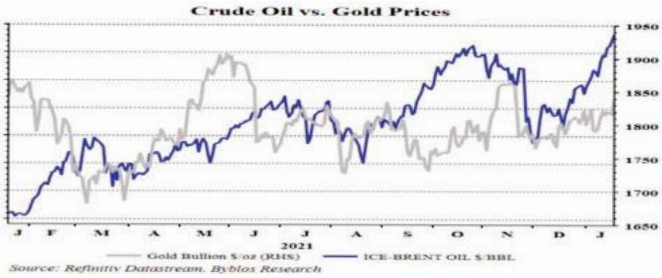
The LME cash prices of zinc averaged $3,006 per ton in 2021, constituting a surge of 32.5% from an average of $2,268.3 a ton in 2020. Prices averaged $2,749 per ton in the first quarter of 2021, then increased to $2,913 a ton in the second quarter, grew to $2,990.5 per ton in the third quarter and rose to $3,362.1 a ton in the fourth quarter of the year. They reached $3,846 per ton on October 15, 2021, their highest level since February 1, 2018. The continuous rise in prices in 2021 was mainly driven by speculations that major smelters in China are reducing output due to power shortages. Also, improved demand prospects, increased buying of the metal, the rollout of the coronavirus vaccine, and lower inventories supported the rise in zinc prices in 2021. Further, the latest figures released by the International Lead and Zinc Study Group (IIZSG) show that global demand for refined zinc was 11.7 million tons in the first 10 months of 2021, up by 7.6% from the same period of 2020, due to the increase in demand for the metal from Brazil, China, Europe, India, Japan, Thailand, Turkey and the United States. In parallel, global refined zinc production grew by 2.3% to 11.6 million tons in the covered period, as higher output from China, India, Japan, Peru and the United States was partially offset by lower production in Canada and South Korea. In parallel, Standard Chartered Bank projected zinc prices to average $3,180 per ton in the first quarter and $3,100 a ton in the second quarter of 2022.

Source: ILZSG, Standard Chartered Bank, Refinitiv, Byblos Research

Precious Metals: Palladium prices to average $1,940 an ounce in first quarter of 2022

Palladium prices averaged $2,396.4 per troy ounce in 2021, constituting an increase of 9.4% from an average of $2,191 an ounce in 2020. Prices averaged $2,404.2 per ounce in the first quarter of 2021 and then increased to $2,786.8 an ounce in the second quarter supported by expectations of a rebound in demand for palladium from the automotive sector, which accounts for 80% of the metal's global demand, where the metal is used as a key component of pollution-control devices in vehicles. Also, strong demand prospects amid expectations of supply disruptions from Norilsk Nickel, the world's largest palladium producer, supported the metal's price. Further, palladium prices declined to an average of $2,461.6 per ounce in the third quarter and to $1,939 per ounce in the fourth quarter of the year, due to chip shortages, other logistical issues that have restrained the demand for the metal, as well as to the substitution of palladium to platinum in catalytic converters. As a result, prices regressed from an all-time high of $3,000 per ounce on May 4, 2021, to $1,976 per ounce on January 19, 2022. In parallel, Standard Chartered Bank forecast palladium prices to average at $1,940 per ounce in the first quarter of 2022, $2,075 per ounce in the second quarter, $2,200 per ounce in the third quarter, and $2,250 per ounce in the fourth quarter. As such, it projected palladium prices to average $2,116 per ounce in 2022.

Source: Standard Chartered Bank, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	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 (%)
	LT Foreign currency rating												
Africa													
Algeria	-	-	-	-	B+								
	-	-	-	-	Negative	-6.5	-	-	-	-	-	-10.8	1.1
Angola	CCC+	B3	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	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-	B3	B-	-	BB-								
	Stable	Negative	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	CCC+	Caa1	-	-	CCC								
Congo	Positive	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	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+	B+	B+								
	Stable	Negative	Stable	Stable	Negative	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	-	-	-	B	B-								
	-	-	-	Negative	Negative	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B-	Caa1	B-	-	CC+								
	Stable	Stable	Stable	-	Stable	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+	B+								
	Stable	Stable	Negative	Stable	Stable	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA	A+	AA-								
	Negative	Stable	Negative	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	B+	Ba3	BB-	BB	BB-								
	Positive	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+								
	Stable	Stable	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 S&P	Moody's	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 (%)
Asia													
Armenia	B+ Positive	Ba3 Stable	B+ Stable	B+ Positive	B- Stable	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	- -	A Stable	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	- -	BBB Negative	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	BBB- Negative	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	B- Stable	B3 Stable	B- Stable	- -	CCC Stable	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe													
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	- -	BBB Stable	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	BBB- Negative	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	BBB- Stable	Baa3 Stable	BBB Stable	- -	BBB- Stable	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Turkey	B+ Negative	B2 Negative	BB- Negative	B+ Stable	B- Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B Stable	B3 Stable	B Stable	- -	B- Stable	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*
*** CreditWatch with negative implications*
****Review for Downgrade*
Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, IHS Markit, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.25	15-Dec-21	No change	26-Jan-22
Eurozone	Refi Rate	0.00	16-Dec-21	No change	03-Feb-22
UK	Bank Rate	0.25	16-Dec-21	Raised 150bps	N/A
Japan	O/N Call Rate	-0.10	18-Jan-22	No change	18-Mar-22
Australia	Cash Rate	0.10	07-Dec-21	No change	01-Feb-22
New Zealand	Cash Rate	0.75	24-Nov-21	Raised 25bps	23-Feb-22
Switzerland	SNB Policy Rate	-0.75	16-Dec-21	No change	24-Mar-22
Canada	Overnight rate	0.25	08-Dec-21	No change	26-Jan-22
Emerging Markets					
China	One-year Loan Prime Rate	3.70	20-Jan-22	Cut 10bps	21-Feb-22
Hong Kong	Base Rate	0.86	15-Mar-20	Cut 64bps	N/A
Taiwan	Discount Rate	1.125	23-Sep-21	No change	17-Mar-22
South Korea	Base Rate	1.25	14-Jan-22	Raised 25bps	24-Feb-22
Malaysia	O/N Policy Rate	1.75	20-Jan-22	No change	03-Mar-22
Thailand	1D Repo	0.50	22-Dec-21	No change	09-Feb-22
India	Reverse repo Rate	4.00	08-Dec-21	No change	09-Feb-22
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	9.25	16-Dec-21	No change	04-Feb-22
Jordan	CBJ Main Rate	2.50	01-Sep-21	Cut 100bps	N/A
Turkey	Repo Rate	14.00	20-Jan-22	No change	17-Feb-22
South Africa	Repo Rate	3.75	18-Nov-21	Raised 25bps	27-Jan-22
Kenya	Central Bank Rate	7.00	29-Nov-21	No change	26-Jan-22
Nigeria	Monetary Policy Rate	11.50	23-Nov-21	No change	25-Jan-22
Ghana	Prime Rate	14.50	22-Nov-21	Raised 100bps	31-Jan-22
Angola	Base Rate	20.00	30-Nov-21	No change	28-Jan-22
Mexico	Target Rate	5.50	16-Dec-21	Raised 50bps	10-Feb-22
Brazil	Selic Rate	9.25	08- Dec-21	Raised 150bps	N/A
Armenia	Refi Rate	7.75	14-Dec-21	Raised 50bps	01-Feb-22
Romania	Policy Rate	2.00	10-Jan-22	Raised 25bps	09-Feb-22
Bulgaria	Base Interest	0.00	01-Dec-21	No change	N/A
Kazakhstan	Repo Rate	9.75	06-Dec-21	No change	24-Jan-22
Ukraine	Discount Rate	10.00	20-Jan-22	Raised 100bps	03-Mar-22
Russia	Refi Rate	8.50	17-Dec-21	Raised 100bps	11-Feb-22

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