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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

M&A deals down 36% to $3.8 trillion in 2022

Figures released by Bain & Company indicate that global mergers and acquisitions (M&A) transactions reached $3.8 trillion (tn) in 2022, constituting a decrease of 36% from a record high of $5.9tn of M&A deals in 2021, mainly due to the increase in interest rates globally starting in the middle of 2022. M&A transactions totaled $3.8tn in 2016, $3.6tn in 2017, $4.1tn in 2018, $4tn in 2019, and $3.6tn in 2020. In parallel, it pointed out that M&A deals by special purpose acquisition companies dropped by 80% in 2022, followed by a decrease of 50% in M&A transactions in private equity portfolio add-ons, a decline of 41% in venture capital deals, a contraction of 30% in corporate M&A transactions, and a retreat of 27% in M&A deals by financial investors. In parallel, it said there were 329 M&A transactions in the Middle East in the first 10 months of 2022, constituting an increase of 39% from 236 deals in 2021. There were 174 M&A transactions in 2018, 172 deals in 2019, and 181 transactions in 2020. It said that sovereign wealth funds (SWFs) and corporations represented 84% of M&A deals in the Middle East in 2022. It estimated that M&A transactions by SWFs surged by 188% in the Middle East in 2022, followed by a rise of 83% in corporate M&A deals, a jump of 60% in M&A transactions by SWF-owned companies, and a growth of 56% in M&A deals by financial SWFs. In contrast, M&A transactions by private equity firms dropped by 36% in the region in 2022.
Source: Bain & Company

Economic diversification level varies across regions

The Dubai-based Mohammed Bin Rashid School of Government's Global Economic Diversification Index for 2023 indicated that North America had the most diversified economy across the world during the 2020-21 period with an average score of 130.5 points on the index. Western Europe followed with 113.9 points, then East Asia & the Pacific with 107.9 points, Eastern Europe & Central Asia with 101 points, South Asia and the Middle East & North Africa regions with 97.4 points each, Latin America with 96.8 points, and Sub-Saharan Africa with 89.4 points. The survey uses quantitative data to assess the level of economic diversification in each region and ranks the regions based on their status and progress on diversification. The index is composed of 25 variables that are grouped in three categories that are the Output Diversification, the Trade Diversification, and the Government Revenue Diversification sub-indices. The regional classifications are based on the simple average of the scores of the three sub-indices for each region. Further, North America ranked in first place globally on the Output Diversification sub-index, which takes into account the level of economic growth in a region and the manufacturing and services as a percentage of the region's GDP, among others. Also, North America came in first place on the Trade Diversification sub-index that measures the aggregate value of exports and imports in a region, as well as the growth in existing and new export products to new markets. In addition, Western Europe ranked in first place on the Government Revenue Diversification sub-index, which measures tax revenues and trade receipts as a percentage of a region's GDP.
Source: MBRSG, Byblos Research

MENA

Stock markets down 2% in first two months of 2023

Arab stock markets decreased by 2.3% and Gulf Cooperation Council equity markets regressed by 2.7% in the first two months of 2023, relative to increases of 9.2% and 10.8%, respectively, in the same period of 2022. In comparison, global stocks increased by 3.8% and emerging market equities grew by 0.6% in the first two months of 2023. Activity on the Beirut Stock Exchange, based on the official stock market index, surged by 39.5% in the first two months of 2023; the Egyptian Exchange appreciated by 16.5%, the Damascus Securities Exchange expanded by 13.7%, the Iraq Stock Exchange improved by 8.7%, and the Amman Stock Exchange advanced by 6%. In addition, the Dubai Financial Market gained 3%, the Palestine Exchange yielded 2.8%, the Bahrain Bourse increased by 2%, and the Casablanca Stock Exchange grew by 1.7% in the covered period. In contrast, activity on the Khartoum Stock Exchange dropped by 21.6%, the Abu Dhabi Securities Exchange and the Saudi Stock Exchange declined by 3.6% each, the Muscat Securities Market decreased by 2.1%, the Qatar Stock Exchange contracted by 1%, the Tunis Bourse regressed by 0.8%, and the Boursa Kuwait retreated by 0.3% in the first two months of 2023.
Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

QATAR

Venture capital funding up 35% to $26.5m in 2022

Figures released by online platform Magnitt shows that venture capital (VC) funding in Qatar reached a record high of QR97m in 2022, or the equivalent of $26.5m in 2022, constituting a jump of 34.7% from QR72m ($19.7m) in 2021. Reverse the chronology VC investments in Qatar totaled QR39m ($10.7m) in 2020, QR22m ($6.04m) in 2019, and QR35m ($9.6m) in 2018. Further, there were 45 VC deals in 2022, representing an increase of 18.4% from 38 investments in 2021, and relative to 40 deals in 2020, 17 transactions in 2019, and 23 deals in 2018. In parallel, VC investments in transports and logistics companies amounted to QR44m ($12m) and accounted for 45.4% of aggregate VC investments in Qatar in 2022, followed by deals in sport and fitness firms with QR15m ($4.1m) (15.5%), investments in fintech companies with QR11m ($3m) (11.3%), in healthcare firms with QR8m ($2.2m) (8.2%), and in information technology solutions companies with QR5m ($1.4m) (5.2%). Also, there were 10 investments in the fintech sector, or 22.2% of the aggregate number of deals in 2022, followed by seven deals in IT solutions firms (15.6%), five transactions in healthcare companies (11.1%), four deals in sport and fitness firms (8.9%), and three transactions in e-commerce companies (6.7%).
Source: Magnitt, Byblos Research

OUTLOOK

EMERGING MARKETS

Growth to accelerate on favorable outlook

Goldman Sachs indicated that countries in the Central and Eastern Europe, the Middle East & Africa (CEEMEA) region have faced significant headwinds in 2022, which include Russia's invasion of Ukraine, higher global energy prices, tighter financial conditions, and weaker global economic activity. It considered that the region continues to face a challenging external environment, but pointed out that global financial conditions have eased, energy prices have declined, and the prospects for global growth have improved. It also expected the reopening of the Chinese economy to provide an indirect but significant boost to growth in CEEMEA countries, mainly through trade with other economies that are also affected by stronger Chinese demand, as well as by the effects of China's reopening on the terms-of-trade of the region's commodity exporters. As a result, it projected real GDP growth in the CEEMEA region at 1.4% in 2023 and to accelerate to 3.2% in 2024. Also, it anticipated that the impact of last year's tightening of global financial conditions and higher commodity prices to fully materialize in the first quarter of 2023, and expected growth to pick up in the second half of this year.

In parallel, it anticipated headline inflation rates to decline across the CEEMEA region during 2023, mainly due to significantly lower energy and food prices. But it considered that underlying inflationary pressures appear unusually strong across most CEEMEA economies, despite expectations of lower headline inflation rates, which points to a broadening of price pressures away from energy and food costs towards core goods and services. As such, it projected the average inflation rate across the CEEMEA region to decline from 18.8% in 2022 to 13.2% in 2023 and 8.6% in 2024. It expected that central banks in CEEMEA countries will delay policy rate cuts until 2024, given the persistently high inflation rates this year.

Source: Goldman Sachs

ANGOLA

Economic growth to average 4% in medium term on structural reforms

The International Monetary Fund (IMF) projected Angola's real GDP growth to accelerate from 2.8% in 2022 to 3.5% in 2023, with non-oil sector activity accelerating from 3.2% in 2022 to 4.3% this year. It forecast economic growth to reach about 4% in the medium term, in case authorities continue to implement structural reforms to support the non-oil economy. Also, it expected the average inflation rate to decline from 21.4% in 2022 to 11.7% in 2023 and to reach single digits in 2024. It urged the monetary authorities to adopt a wait-and-see approach to support the disinflationary path, as it noted that inflation rates remain elevated and anticipated risks to price stability to persist. It also welcomed the authorities' commitment to exchange rate flexibility and the planned elimination of the remaining exchange rate restrictions.

In parallel, it indicated that the authorities intend to resume fiscal adjustment in the 2023 budget, which is necessary to address medium-term fiscal and external vulnerabilities. It projected the fiscal balance to shift from a surplus of 1.7% of GDP in 2022 to a deficit of 0.4% of GDP in 2023, and forecast the public debt level to decline from 66% of GDP at the end of 2022 to 64% of GDP at end-2023. It encouraged the authorities to step up efforts to further mobilize non-oil revenues, strengthen the revenue administration and public financial management, and reform state-owned enterprises. It also welcomed the authorities' commitment to reforming fuel subsidies in case conditions allow, and encouraged a faster implementation of the cash transfer program. Further, it forecast the current account surplus to decline from 11% of GDP in 2022 to 6.3% of GDP in 2023. Still, it expected foreign currency reserves to increase from $14.5bn at the end of 2022 to $14.8bn at end-2023.

It considered that downside risks to the near-term outlook include a larger-than-expected decline in global oil prices and a renewed increase in global food prices, as well as adverse weather conditions that would impact the agriculture sector. It stressed the need to maintain the strong reform momentum, as it considered that structural reforms are essential to diversify the economy away from the oil sector. It also encouraged the authorities to strengthen governance, transparency, and the anti-money laundering and counter-terrorism financing framework, as well as to improve the business environment and promote private investments.

Source: International Monetary Fund

SAUDI ARABIA

Non-oil sector growth to pick up to 5.5% in 2023

Jadwa Investment projected real GDP growth in Saudi Arabia to decelerate from 8.7% in 2022 to 2.8% in 2023, mainly due to lower activity in the hydrocarbon sector. It anticipated real hydrocarbon GDP to contract by 0.2% in this year following an expansion of 15.4% in 2022, as a result of lower oil production under the OPEC+ agreement. It also forecast activity in the non-oil sector to expand by 5.5% in 2023 relative to growth rate of 5.4% last year, as it expected China's reopening to boost demand for Saudi petrochemicals, and for progress on a range of megaprojects to underpin growth in the construction, transportation and non-oil manufacturing sectors.

In parallel, it projected the fiscal surplus to decline from 2.5% of GDP in 2022 to 0.9% of GDP in 2023, mainly due to a 1.4% decrease in public revenues as a result of lower oil receipts, and to a 1% increase in public expenditures. Still, it forecast the public debt level to decline from 24.4% of GDP at the end of 2022 to 24% of GDP by end-2023, and expected authorities to implement a proactive debt management approach. Further, it projected the Kingdom's current account surplus to decline from 11.5% of GDP in 2022 to 8.2% of GDP in 2023 and 6.3% of GDP in 2024, in case of higher imports and an increase remittance outflows. It also forecast official reserve assets at the Saudi Central Bank at about $785bn in the 2023-24 period.

Further Jadwa expected that Saudi Arabia will step up efforts in 2024 to diversify its economy away from the hydrocarbon sector, with new sources of capital continuing to materialize. It noted that such funds are necessary to keep the government's Vision 2030 project on track, and expected a pickup in project activity in 2024 due to upcoming important deadlines. It considered that the main risk to the Kingdom's growth prospects next year is the authorities' ability to raise sufficient financing for the various projects that are planned and already underway.

Source: Jadwa Investment

ECONOMY & TRADE

TÜRKIYE

Estimated damages from earthquakes at $34.2bn

The World Bank estimated that the two very large earthquakes that hit Türkiye on February 6 of this year, followed by more than 7,500 aftershocks and two additional earthquakes, caused a total of $34.2bn in direct physical damages, or the equivalent of 4% of the country's 2021 GDP. It added that continued aftershocks will likely add to the estimated damages over time. In addition, it pointed out that 81% of the estimated damages occurred in the Hatay, Kahramanmaraş, Gaziantep, Malatya and Adıyaman provinces, which house about 6.45 million people, or 7.4% of Türkiye's total population. In parallel, it indicated that the earthquakes have left 1.25 million people temporarily homeless due to moderate to severe damage to residential buildings, or to the complete collapse of the buildings. Further, it noted that damages to residential buildings amounted to $18bn, or 53% of the total; followed by damages to non-residential buildings, such as healthcare facilities, schools, government buildings, and private sector buildings at $9.7bn (28%); and damages related to infrastructure, such as roads, power and water supply at $6.4bn (19%). It considered that the recovery and reconstruction costs will be potentially twice as large, and that GDP losses associated to disruptions to Türkiye's economy will add to the estimates of the direct physical damages.

Source: World Bank

ARMENIA

Outlook revised to 'positive' on improved economic growth and external position

S&P Global Ratings affirmed Armenia's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B+', respectively, and revised the outlook on the long-term ratings from 'stable' to 'positive'. It also affirmed the transfer and convertibility assessment at 'BB-'. It indicated that the 'positive' outlook reflects the agency's view of improved prospects for Armenia's economy, as well as for its fiscal and external position, due to positive spillovers from the conflict between Russia and Ukraine. It added that a decrease in regional geopolitical tensions, as well as additional labor and financial inflows from Russia, would boost the country's long-term economic growth and structurally improve Armenia's fiscal and external balance sheets. In parallel, it said that the ratings are supported by Armenia's strong growth outlook, the availability of external official funding, and a prudent macroeconomic policy framework that has helped preserve economic and financial stability in recent years, despite multiple external shocks. But it noted that the ratings are constrained by an evolving institutional framework, low income levels, weak balance-of-payments and fiscal positions, and the country's exposure to geopolitical and external security risks. Further, it forecast the country's gross external financing needs at 109% and 110.6% of current account receipts and usable reserves in 2023 and 2024, respectively. It said that it may upgrade the ratings in the next 12 months if Armenia's real GDP growth remains strong and if its fiscal, balance of payments, and financial stability risks are contained. In contrast, it noted that it could revise the outlook to 'stable' if financial and labor inflows from Russia shift to outflows in the next 12 months, and in case of slower economic growth, weaker fiscal and external balance sheets, a deeper depreciation of the exchange raate, and a rise of government and external debt.

Source: S&P Global Ratings

CÔTE D'IVOIRE

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Côte d'Ivoire's long-term foreign and local currency Issuer Default Ratings at 'BB-', three notches below investment grade, and maintained the 'stable' outlook on the long-term ratings. It also affirmed the Country Ceiling at 'BB', and maintained the short-term local and foreign currency IDRs at 'B'. It indicated that the ratings balance the economy's strong growth prospects with the country's low development indicators and its elevated dependence on commodities. It noted that the ratings reflect the authorities' efforts to adjust the recent deterioration in the country's fiscal balance, and projected the fiscal deficit at 5% of GDP in 2023 and 4.2% of GDP in 2024. Also, it noted that the government agreed with the International Monetary Fund to discuss revenue mobilization efforts and the rationalization of tax exemptions. Further, it forecast the government's debt level to peak at 55.7% of GDP in 2023 and to slowly decline in the medium term, in case of fiscal consolidation and strong growth. It anticipated that lower global food and oil prices would narrow the current account deficit to 5.6% of GDP and 5.3% of GDP in 2023 and 2024, respectively. In parallel, it said that it could take a negative rating action on the sovereign if security conditions and political stability in the country deteriorate, if the government's debt level increases, and if economic activity slows down in the medium term. But it noted that it may take a positive rating action in case of sustained progress in governance indicators, or further efforts to reduce the government's debt level.

Source: Fitch Ratings

PAKISTAN

Sovereign ratings downgraded on rising liquidity and external risks

Moody's Investors Service downgraded Pakistan's long-term local and foreign currency issuer and senior unsecured debt ratings from 'Caa1' to 'Caa3', nine notches below investment grade. It also revised the outlook on the ratings from 'negative' to 'stable'. It attributed the downgrade to the increasingly fragile liquidity and external position of Pakistan, which would raise the risk of a sovereign default. It indicated that the foreign currency reserves at the State Bank of Pakistan decreased to extremely low levels recently, which would not cover the country's imports needs and external debt obligations in the near- to medium terms. It considered that weak governance and heightened social risks impede the ability of Pakistani authorities to implement the range of policies that would secure external financing and decisively mitigate risks to the balance of payments. It added that a disbursement by the International Monetary Fund (IMF) would help cover the country's immediate financing needs and noted that significant external financing in the very near term would reduce the risk of default. It estimated Pakistan's external financing needs for the rest of the fiscal year that ends in June 2023 at $11bn, including $7bn in outstanding external debt payments due. Further, it said that Pakistan's financing options are highly uncertain beyond June 2023, as authorities are unlikely to unlock sufficient financing from bilateral and multilateral partners in the absence of an IMF program. It noted that it could downgrade the ratings if the government default on its debt obligations, and that it may upgrade them if liquidity and external vulnerability risks recede significantly.

Source: Moody's Investors Service

JORDAN

Amman considering retail Central Bank Digital Currency

The International Monetary Fund (IMF) indicated that the development of a retail Central Bank Digital Currency (rCBDC) in Jordan could enhance financial inclusion, reduce cross-border remittance costs, and improve domestic payments by allowing banks and payment service providers to use the digital currency's public infrastructure. But it said that the improper design of the rCBDC could lead to financial disintermediation, which could aggravate liquidity risks. It added that a cross-border rCBDC could increase the volatility of the exchange rate of the Jordanian dinar due to larger and more volatile capital flows, and that it could be used in illicit activity and amplify cybersecurity risks by becoming an attractive target for cyber-attacks. Further, it considered that, in order to preserve the integrity of the rCBDC, the authorities need to address some aspects of the country's anti-money laundering and countering the financing of terrorism framework that the Financial Action Task Force identified. In parallel, it encouraged the authorities to consider specific legal issues related to the cross-border use of the digital currency, the legal classification of an rCBDC in private law, and the agreements to be signed by the Central Bank of Jordan with technical providers about the deployment of the related infrastructure. Also, it urged the authorities to enhance their capabilities to protect the payments' infrastructure.

Source: International Monetary Fund

NIGERIA

Authorities pledge to improve AML/CFT framework

The Financial Action Task Force, the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Nigeria made in February 2023 a high-level political commitment to work with the FATF and the Inter-Governmental Action Group against Money Laundering in West Africa to strengthen the effectiveness of its AML/CFT regime. It said that Nigeria plans to implement its FATF action plan by completing its residual money laundering and terrorism financing risk assessment (ML/TF), and by updating its national AML/CFT strategy to align it with other national strategies relevant to high-risk predicate offenses. It pointed out that Nigeria pledged to develop formal and informal international cooperation in line with ML/TF risks, to improve its AML/CFT risk-based supervision of financial institutions and Designated Non-Financial Businesses and Professions, and to enhance the implementation of preventive measures for high-risk sectors. It added that Nigeria would ensure that competent authorities will have timely access to accurate and up-to-date beneficial owner (BO) information on legal persons, and will apply sanctions for breaches of BO obligations. Further, it encouraged the authorities to increase the dissemination of information by the Financial Intelligence Unit and its use by law enforcement authorities, to proactively detect violations of currency declaration obligations, apply appropriate sanctions, and maintain comprehensive data on frozen, seized, confiscated and disposed assets. It called on authorities to increase their investigations and prosecutions of different types of TF activities and enhance cooperation on TF investigations.

Source: Financial Action Task Force

EGYPT

Banking sector facing difficult operating environment

Moody's Investors Service considered that banks in Egypt are facing a difficult operating environment due to external vulnerability risks stemming from the drawdown of foreign currency liquidity and the decline in the country's foreign-exchange reserve buffers. It anticipated that the devaluation of the Egyptian pound, elevated inflation rates, rising borrowing costs and the government's reduced debt-servicing capacity will further exacerbate risks to the banking sector. In addition, it projected lending growth to exceed 15% in 2023 as a result of Egypt's improving growth prospects, which would partly mitigate the risks from the challenging operating environment. It considered that banks face elevated risks to their asset quality, such as high inflation rates, rising interest rates, and consumers' subdued spending power. Still, it did not expect the sector's non-performing loans ratio to significantly increase in the near term due to robust credit growth, the use of risk-mitigating tools such as cash collateral and credit guarantees, and some regulatory forbearance measures. It also noted that the large holdings of government securities will continue to link the banks' credit profile to that of the sovereign. In parallel, the agency anticipated that the capitalization of Egyptian banks' will remain stable in 2023, and that earnings generation will be sufficient to finance the growth of their balance sheets and the payment of dividends. Also, it anticipated that foreign-currency funding and liquidity pressures will persist, given the sector's large net foreign liabilities position. Further, it considered that the likelihood of government support for troubled banks is very high, but that the sovereign's capacity is constrained by its prevailing fiscal challenges.

Source: Moody's Investors Service

BANGLADESH

Banks facing tight liquidity conditions

Moody's Investors Service indicated that liquidity in the Bangladeshi banking sector tightened in 2022 due an increase in the settlement of letters of credit for importers and declines in remittance inflows to the country. It expected the pressure on the banks' liquidity to continue in 2023, driven by a decrease in deposits and a decline in foreign-currency liquidity, given that the prevailing economic uncertainties in the country may lead to the reduction in the earnings of exporters. Further, it noted that banks with a small exposure to government securities may face difficulties in obtaining funding from the interbank market, while banks that have a higher exposure to government securities would be able to use the latter as collateral to access interbank funding. Also, it said that banks with stable funding sources are better positioned to weather the tight liquidity conditions. Further, it pointed out that banks can mitigate the risk related to liquidity shortfalls by borrowing from the interbank market or from the Bangladesh Bank. However, it indicated that the cost of funding at banks rose materially, as banks' borrowing increased and the Bangladesh Bank tightened its monetary policy to curb inflation in the country. In addition, it noted that Islamic banks are more vulnerable to the shortages of liquidity than commercial banks, given that they have smaller liquidity buffers.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil prices to average $90 p/b in second quarter of 2023

ICE Brent crude oil front-month prices averaged $83.8 per barrel (p/b) in the first two months of 2023, constituting a decrease of 6.6% from $89.7 p/b in the same period of 2022. The decrease in oil prices was driven by concerns about the increasing possibility of further monetary policy tightening by major central banks and global economic slowdown, which weighed on demand for oil. Also, oil prices reached $84.3 p/b on March 1, 2023, representing an increase of 4.6% from $80.6 p/b a week earlier, due to signs of a strong economic rebound in China, the world's top oil importer, which would increase oil demand. In parallel, Standard Chartered Bank highlighted three points that could affect the global oil market in 2023. First, it said that global oil demand might reach a record high this year. Second, it noted that the supply of oil from Russia and the demand for oil from China will be crucial to determine oil prices in 2023, although it considered that basing a market view on the two countries alone is too simplistic. Third, it pointed out that Europe will face difficulties filling gas inventories again without importing gas from Russia. Also, it expected global oil supply to reach new record-highs, despite a major drop in Russian output. In addition, it forecast demand for oil from China to grow by 643,000 barrels per day (b/d) in 2023, after decreasing by 358,000 b/d in 2022. However, it expected OECD oil demand to decline by 20,000 b/d in 2023. Further, it forecast oil prices to average $90 p/b in the second quarter and $88 p/b in the third quarter of 2023.

Source: Standard Chartered Bank, Refinitiv, Byblos Research

ME&A's oil demand to expand by 4% in 2023

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 13.16 million barrels per day (b/d) in 2023, which would constitute an increase of 4.2% from 12.6 million b/d in 2022. The region's demand for oil would represent 23.8% of demand in non-OECD countries and 13% of global consumption in 2023.

Source: OPEC

Algeria's crude oil production up 4.5% in December 2022

Crude oil production in Algeria totaled one million barrels per day (b/d) in December 2022, constituting an increase of 4.5% from 966,000 b/d in December 2021. Further, total crude oil exports from Algeria amounted to 485,000 barrels per day (b/d) in December 2022, representing a rise of 8.3% from 448,000 b/d in December 2021.

Source: JODI, Byblos Research

Global output for natural gas nearly unchanged in 2023

The International Energy Agency projected global natural gas demand to reach 4,041 billion cubic meters (bcm) in 2023, nearly unchanged from 4,042 bcm in 2022. It anticipated demand for natural gas in North America at 1,117 bcm and to represent 27.6% of the world's aggregate demand in 2023, followed by Asia Pacific with 903 bcm (22.3%), Eurasia 602 bcm (15%), the Middle East with 598 bcm (14.8%), Europe with 505 bcm (12.5%), and Africa with 167 bcm (4.1%).

Source: International Energy Agency, Byblos Research

Base Metals: Copper prices to average $8,953 per ton in first quarter 2023

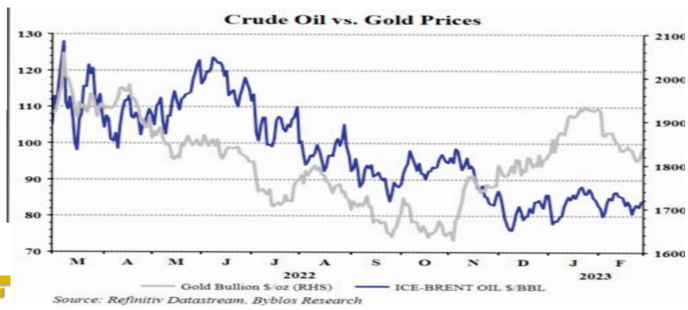
LME copper cash prices averaged $8,973.7 per ton in the first two months of 2023, constituting a decrease of 9% from an average of $9,859.8 a ton in the same period of 2022. Also, copper prices reached $9,084 per ton on March 1, 2023, down from an all-time high of $11,299.5 a ton on October 18, 2021, due mainly to a more positive economic outlook and the easing of supply chain restrictions worldwide. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 26.05 million tons in 2022, constituting an increase of by 3% from 25.3 million tons 2021. Further, demand for the metal in China grew by 6% in 2022, driven by a 9% increase in the imports of net refined copper. Also, global refined copper production reached 25.7 million tons in 2022, constituting an increase of 3.5% from 24.8 million tons in 2021, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Chile, Finland, Germany, Spain and Sweden. Moreover, S&P Global Market Intelligence forecast copper prices to average $8,953 per ton in the first quarter and $9,200 per ton in the second quarter of 2023.

Source: S&P Global Market Intelligence, ICSG, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,858 per ounce in first quarter of 2023

Gold prices averaged $1,875.7 per troy ounce in the first two months of 2023, constituting an increase of 2.1% from an average of $1,836.4 an ounce in the same period of 2022. Further, prices regressed from a peak of $2,506 per ounce on March 8, 2022 to $1,838.6 an ounce on March 1, 2023, driven mainly by a more positive global economic outlook, a stronger U.S dollar, and the easing of supply chain restrictions around the world. In parallel, S&P Global Market Intelligence forecast global gold mine production at 106.6 million ounces in 2023, which would represent a rise of 6% from 100.5 million ounces in 2022, driven by large increases in mine supply from Canada, Brazil, Papua New Guinea, South Africa, and Tanzania. It expected that central banks in advanced economies would not increase their interest rates in the second half of 2023, which, along with the global economic recovery, would lead to a decrease in the metal’s price. Also, it revised downward the metal’s price to $1,834 in 2023 due to persisting geopolitical tensions driven mainly by the ongoing Russian war in Ukraine. Moreover, it forecast gold prices to average $1,858 per ounce in the first quarter, $1,845 an ounce in the second quarter, $1,835 per ounce in the third quarter, and $1,799 an ounce in the fourth quarter of 2023. As such, it projected gold prices to average $1,834 per ounce in full year 2023.

Source: S&P Global Market Intelligence, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	Fitch	CI	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	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Positive	B- Positive	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Stable	B2 Negative	B+ Negative	B+ Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa1 RfD**	CCC- -	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD -	Ca Stable	SD -	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Positive	BB- Stable	- -	-4.1	43.2			14.3		-3.5	1.4
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB- Negative	Ba1 Stable	BB+ Stable	- -	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Negative	Caa1 Stable	B- Stable	- -	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Tunisia	- -	Caa2 Negative	CCC+ -	- -	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+ Positive	B2 Negative	B+ Stable	B+ Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	- -	- -	- -	B Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+ Stable	B1 Positive	BB- Negative	B+ Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+ Stable	A1 Stable	AA- Stable	A+ Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD -	C -	C -	- -	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB Stable	Ba3 Positive	BB Stable	BB Stable	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA Stable	Aa3 Positive	AA- Stable	AA Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A- Positive	A1 Stable	A Positive	A+ Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	- -	- -	- -	- -	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	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 Negative	B+ Positive	B+ Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 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	- -	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	CCC+ Stable	Caa3 Stable	CCC- -	- -	-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	- -	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN***	Ca Negative	C -	- -	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B Stable	B2 Negative	B Negative	B+ Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B- CWN	B3 RfD	CCC -	- -	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*
***Review for Downgrade*
**** CreditWatch with negative implications*
Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, 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	4.75	01-Feb-23	Raised 25bps	22-Mar-23
Eurozone	Refi Rate	3.00	02-Feb-23	Raised 50bps	N/A
UK	Bank Rate	4.00	02-Feb-23	Raised 50bps	23-Mar-23
Japan	O/N Call Rate	-0.10	18-Jan-23	No change	10-Mar-23
Australia	Cash Rate	3.35	07-Feb-23	Raised 25bps	07-Mar-23
New Zealand	Cash Rate	4.75	22-Feb-23	Raised 50bps	05-Apr-23
Switzerland	SNB Policy Rate	1.00	15-Dec-22	Raised 50bps	23-Mar-23
Canada	Overnight rate	4.50	25-Jan-23	Raised 25bps	08-Mar-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Feb-23	No change	20-Mar-23
Hong Kong	Base Rate	5.00	02-Feb-23	Raised 25bps	23-Mar-23
Taiwan	Discount Rate	1.75	15-Dec-22	Raised 0.125bps	23-Mar-23
South Korea	Base Rate	3.50	23-Feb-23	No change	13-Apr-23
Malaysia	O/N Policy Rate	2.75	19-Jan-23	No change	09-Mar-23
Thailand	1D Repo	1.50	25-Jan-23	Raised 25bps	29-Mar-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	4.65	01-Feb-23	Raised 25bps	22-Mar-23
Saudi Arabia	Repo Rate	5.25	01-Feb-23	Raised 25bps	22-Mar-23
Egypt	Overnight Deposit	16.25	02-Feb-23	No change	30-Mar-23
Jordan	CBJ Main Rate	6.75	05-Feb-23	Raised 25bps	N/A
Türkiye	Repo Rate	9.00	23-Feb-23	No change	N/A
South Africa	Repo Rate	7.25	26-Jan-23	Raised 25bps	30-Mar-23
Kenya	Central Bank Rate	8.75	30-Jan-23	No change	N/A
Nigeria	Monetary Policy Rate	17.50	24-Jan-22	Raised 100bps	21-Mar-23
Ghana	Prime Rate	28.00	30-Jan-23	Raised 100bps	27-Mar-23
Angola	Base Rate	18.00	20-Jan-23	Cut 150bps	17-Mar-23
Mexico	Target Rate	11.00	09-Feb-23	Raised 50bps	30-Mar-23
Brazil	Selic Rate	13.75	01-Feb-23	No change	N/A
Armenia	Refi Rate	10.75	21-Jan-23	No change	14-Mar-23
Romania	Policy Rate	7.00	09-Feb-23	No change	N/A
Bulgaria	Base Interest	1.42	27-Feb-23	Raised 12bps	27-Mar-23
Kazakhstan	Repo Rate	16.75	24-Feb-23	No change	07-Apr-23
Ukraine	Discount Rate	25.00	26-Jan-23	No change	26-Mar-23
Russia	Refi Rate	7.50	10-Feb-23	No change	17-Mar-23

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON
Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ
Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA
Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM
Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM
Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE
Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

NIGERIA
Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE
Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293