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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Merchandise trade to increase by 1.7% in 2023

The World Trade Organization projected the volume of global merchandise trade to increase by 1.7% 2023 relative to an expansion of 2.7% in 2022. It forecast the volume of merchandise exports from North America to rise by 3.3% in 2023, followed by an increase in exports from the Commonwealth of Independent States (CIS) (+2.8%), Asia (+2.5%), Europe (+1.8%), the Middle East (+0.9%), and South America (+0.3%), while it projected the volume of merchandise exports from Africa to regress by 1.4% this year. In parallel, it expected the volume of merchandise imports to the CIS to increase by 15% in 2023, followed by imports to Africa (+5.7%), the Middle East (+5.5%), and Asia (+2.6%). However, it projected the volume of merchandise imports to South America to regress by 1.6%, those to Europe to contract by 0.6% and imports to North America to retreat by 0.1% this year. In addition, it forecast the volume of merchandise exports from least developed countries to increase by 4.8% in 2023 compared to a growth rate of 2% in 2022, and expected the volume of merchandise imports or these economies to expand by 4.8% relative to an increase of 3.6% in 2022.

Source: World Trade Organization

MENA

Intellectual property rights level varies across Arab countries

The U.S. Chamber of Commerce ranked Morocco in 22nd place among 55 countries worldwide and in first place among seven Arab economies on its International Intellectual Property Index for 2023. The UAE followed in 32nd place, then Jordan (33rd), Saudi Arabia (34th), Egypt (48th), Kuwait (51st), and Algeria (53rd). The index measures the strength and effectiveness of intellectual property frameworks in a country. It is a composite of 50 variables grouped in nine indicators that are patents; copyrights; trademarks; design rights; trade secrets and the protection of confidential information; commercialization of intellectual property assets; enforcement of intellectual property; systemic efficiency; and membership and ratification of international treaties. The index rates the intellectual property protection level of each country on a scale from zero to 100%, with a score of 100% reflecting the highest level of intellectual property protection. Morocco led on the patent, copyrights, commercialization of intellectual property assets, systemic efficiency, and membership and ratification of international treaties indicators in the Arab region, while the UAE ranked first on the other categories. In addition, the Arab region's average score stood at 40.4% and was lower than the global average of 57.2%. It was also lower than the average score of North America (85.6%), Europe and Central Asia (76.1%), Asia (56.4%), and Latin America (43.8%). Further, the ranks of five Arab economies improved and those of two Arab economies were unchanged, while the scores of three Arab countries increased, that of one economy declined, and the scores of three Arab countries were unchanged from the previous survey.

Source: U.S. Chamber of Commerce, Byblos Research

GCC

Projects awarded up 55% to $30bn in first quarter of 2023

Figures released by KAMCO indicate that the aggregate value of projects awarded in Gulf Cooperation Council (GCC) countries reached $29.9bn in the first quarter of 2023, constituting an increase of 54.7% from $19.3bn in the first quarter of 2022 and a decrease of 14.7% from $35.1bn in the fourth quarter of 2022. The value of awarded projects in Saudi Arabia stood at $13.3bn in the first quarter of 2023 and accounted for 44.6% of the total, followed by the UAE with $10.1bn (33.6%), Qatar with $3.6bn (12.2%), Kuwait with $1.8bn (5.9%), Oman with $960m (3.2%), and Bahrain with $155m (0.5%). Further, the value of projects awarded in Kuwait jumped by 332% in the first quarter of 2023 from the same quarter of the previous year, followed by a surge of 121.7% in new projects in the UAE, an increase of 91.6% in projects in Oman, an expansion of 69.2% in projects in Qatar, and a rise of 18% in projects in Saudi Arabia. In contrast, the value of projects in Bahrain dropped by 62.4% in the covered period. In parallel, projects awards in the construction sector reached $10.2bn and accounted for 34.3% of the total value of projects awarded in GCC economies in the first quarter of 2023, followed by the chemicals sector with $5.7bn (19%), the water industry with $4.95bn (16.6%), the transport sector with $4.6bn (15.5%), the power industry with $2.2bn (7.4%), the oil sector with $1.3bn (4.5%), the gas industry with $515m (1.7%), and the industrial sector with $277m (0.9%).

Source: KAMCO

UAE

Earnings of Abu Dhabi firms up 67%, profits of Dubai firms up 6.5% in 2022

The net income of 70 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED114.24bn, or $31.13bn in 2022, constituting a surge of 67.2% from AED68.33bn ($18.6bn) in 2021. Listed financial institutions generated net profits of $15.8bn and accounted for 50.8% of the total earnings of publicly-listed firms in 2022. Industrial firms followed with $3.8bn (12%), then telecommunications companies followed with $3.5bn (11.2%), basic materials firms with $2.6bn (8.5%), utilities companies with $2.2bn (7%), energy firms with $1.7bn (5.6%), real estate companies with $975.5m (3.1%), firms in the discretionary consumers goods segment with $348m (1.1%), health care providers with $94.1m (0.3%), and consumer staples firms with $88m (0.28%). In parallel, the cumulative net income of 54 companies listed on the Dubai Financial Market that published their financials totaled AED54.99bn ($14.9bn) in 2022, representing an increase of 6.5% from AED51.64bn ($14.07bn) in 2021. Listed banks generated net profits of $7.8bn, or 52.6% of net earnings in 2022. Real estate & construction firms followed with $3.1bn or 21% of the total, then utilities companies with $2.26bn (15.1%), industrial firms with $1.03bn (7%), telecommunications companies with $332.3m (2.2%), consumer staples firms with $313.1m (2%), and companies in the discretionary consumers goods segment with $22.2m (0.1%).

Source: KAMCO

OUTLOOK

MENA

Economic growth to average 3% in 2003-24 period

The World Bank projected real GDP growth in the Middle East & North Africa (MENA) region at 3% in 2023 and 3.1% in 2024, relative to growth forecasts of 3.5% and 2.7% in February 2023. It estimated the real GDP growth rate of the region's oil-exporting economies to slow down from 6.1% in 2022 to 2.8% in 2023 and 2.9% in 2024, with activity in Gulf Cooperation Council countries decelerating from 7.3% last year to 3.2% and 3.1% in 2023 and 2024, respectively, due to the expected decline in global oil prices and the new oil production cuts. Also, it forecast economic activity in the region's non-GCC oil exporters to grow by 2.2% in 2023 and 2.4% in 2024. In addition, it anticipated real GDP growth in the region's oil-importing countries to expand by 3.6% this year and 3.7% next year.

In parallel, it expected the fiscal and external balances of MENA countries to deteriorate in the near and medium terms. It projected the region's fiscal surplus of 1.8% of GDP in 2022 to shift into balance in 2023 and to turn into a deficit of 0.5% of GDP by 2024, in case of lower hydrocarbon prices. It also forecast the aggregate current account surplus of MENA economies to decrease from 10% of GDP in 2022 to 6.9% of GDP this year and to reach 6% of GDP in 2024. In addition, it anticipated the fiscal surplus of the region's oil exporters at 1.3% of GDP in 2023 and 0.5% of GDP in 2024, and for their current account balance surplus to shrink from 13.6% of GDP in 2022 to 9.2% of GDP this year and 8% of GDP next year, amid the expected decline in oil prices. Further, it projected the fiscal deficit of the region's oil-importing economies at 5.9% of GDP in 2023 and 5.5% of GDP in 2024; while it forecast their aggregate current account deficit at 4.2% of GDP in 2023 and 3.9% of GDP in 2024, in case the import bill for food and energy products declines.

Source: World Bank

GCC

Downside risks to lower oil prices more manageable than in previous cases

Goldman Sachs considered that lower global oil prices are creating moderate fiscal and economic headwinds for oil exporters in the Gulf Cooperation Council (GCC). It expected that the production cuts that the OPEC+ coalition recently announced will support oil prices but will weigh on the growth prospects of GCC economies in the near term. Also, it anticipated that lower oil revenues will result in a "fiscal squeeze" in the region and in governments reducing planned investments. As such, it projected the regions' real GDP growth rate to decelerate from 7.1% in 2022 to 2.6% in 2023 and to reach 4% in 2024. Still, it expected that the impact on growth from lower oil prices in the medium term will be relatively modest for the following six reasons.

First, it considered that downside risks to oil revenues have receded, as it forecast oil prices at between $70 and $80 per barrel in the next three years, which constitutes an incentive for most GCC countries to delay significant fiscal consolidation. Second, it indicated that the introduction of the value-added tax across the region has resulted in higher non-oil revenues, which provides a greater fiscal cushion to lower oil prices. Third, it noted that public expenditures of GCC governments are constrained and have declined as a share of nominal GDP relative to 2014. As a result, it projected the region's aggregate fiscal balance to remain in surplus, but for the latter to decrease from 5.4% of GDP in 2022 to 1.3% of GDP in 2023 and 0.9% of GDP in 2024.

Fourth, Goldman Sachs considered that GCC sovereigns have a significant capacity to accumulate debt, and expected more issuances from the region in the medium term. As such, it forecast the aggregate public debt level of GCC countries to rise from 43.5% of GDP at the end of 2022 to 46.7% of GDP at end-2023 and 47% of GDP at the end of 2024. Fifth, it indicated that governments in the region have accumulated significant foreign currency reserves and expected GCC authorities to deploy these reserves domestically in pursuit of development plans. It projected the GCC countries' aggregate foreign currency reserves to increase from $856.8bn at the end of 2022 to $909bn at end-2023 and $947.7bn at the end of 2024. Sixth, it pointed out that non-fiscal drivers of growth are stronger, due mainly to social and economic reforms across the region.

Source: Goldman Sachs

ALGERIA

Positive economic outlook amid limited risks

BNP Paribas considered that, despite the fragile global environment, Algeria's near-term outlook is positive and macroeconomic risks are limited. It projected real GDP growth to accelerate from 3% in 2022 to 3.3% in 2023, due mainly to the authorities' expansionary fiscal policy and despite flat real hydrocarbon GDP growth. Still, it considered that the economic recovery is modest compared to Algeria's favorable conditions, and anticipated that measures to support the purchasing power of households could be counter-productive and fuel inflationary pressures. In addition, it forecast real GDP growth to decelerate to 2.7% in 2024 due to a tighter fiscal policy, sustained low levels of private investments, and a still fragile global environment.

In parallel, it anticipated Algeria's public finances to deteriorate in 2023, due to the execution of public spending that was planned for 2022, to the 20% increase in the public-sector wage bill, as well as to rising unemployment benefits and pensions. As such, it projected the fiscal balance to shift from a surplus of 2.3% of GDP in 2022, the first surplus since 2008, to deficits of 5.1% of GDP in 2023 and 5.9% of GDP in 2024, despite expectations of strong hydrocarbon revenues. It also expressed concerns about the growing burden of current expenditures on public finances, as it anticipated current spending to account for about 80% of public expenditures this year. It added that public finances are becoming increasingly vulnerable to fluctuations in hydrocarbon revenues, and forecast the public debt level to rise from 59.4% of GDP at the end of 2022 to 62.3% of GDP at end-2024.

Further, it projected the current account balance to post surpluses of 2.9% of GDP in 2023 and 1.2% of GDP in 2024, in case global oil prices remain above $80 per barrel in the next two years. Also, it forecast Banque d'Algerie's foreign currency reserves to rise from $62bn at the end of 2022 to $69bn at end-2023 and $74bn at end-2024, and expected the improvement of the country's external liquidity position to reduce the risks of a balance of payments crisis, even though reserves are far from their peak of $195bn at the end of 2013.

Source: BNP Paribas

OMAN

Agencies revise outlook on ratings to 'positive' on improving fiscal performance

S&P Global Ratings affirmed Oman's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'BB-', respectively, and revised the outlook on the long-term ratings from 'stable' to 'positive'. It attributed the outlook revision to the government's efforts to implement fiscal and economic reforms, which would strengthen Oman's fiscal balance and increase the sovereign's resilience to adverse oil price shocks, and expected the reform momentum to continue in the 2023-26 period. It noted that the government used windfall oil revenues in 2022 to reduce the public debt level from 61% of GDP at the end of 2021 to 40% of GDP at the end of 2022. It estimated that the fiscal balance shifted from annual deficits during the 2014-21 period to a surplus of 5.3% of GDP in 2022. It considered that the reduced debt stock, along with the forecast fiscal surpluses in 2023 and 2024, will increase fiscal policy space. It forecast the country's gross external financing needs at 111% and at 114% of current account receipts and usable reserves in 2023 and 2024, respectively. In parallel, Fitch Ratings affirmed Oman's short- and long-term foreign and local currency issuer default ratings (IDRs) at 'B' and 'BB', respectively, and revised the outlook on the long-term ratings from 'stable' to 'positive'. It noted that the outlook revision reflects the lower government debt level, higher oil prices and spending restrictions that would reduce external liquidity risks, as well as the government's commitment to fiscal consolidation.
Source: S&P Global Ratings, Fitch Ratings

IRAQ

Fiscal discipline is key to economic outlook

Standard Chartered Bank revised downward its forecast for Iraq's real GDP growth from 2.4% to 2% in 2023, due to the April decision of the OPEC+ coalition to cut oil production. Also, it projected real GDP to grow by 4% in 2024 and 5.5% in 2025. Further, it revised Iraq's fiscal surplus from 3% of GDP to 2.5% of GDP in 2023 and projected the fiscal surplus at 3% of GDP in 2024 and 4.5% of GDP in 2025. It indicated that the authorities forecast an aggregate fiscal deficit of $49bn for the 2023-25 period based on an assumed oil price of $70 per barrels. It pointed out that the budget expects oil exports to remain stable at 3.5 million barrels per day, which includes exports from the Kurdistan Regional Government (KRG). It noted that the federal government will transfer $307m to cover the wages of the KRG's public sector employees in exchange for the revenues of the KRG's oil production of 400,000 barrels per day. It added that investments in infrastructure total $36.5bn, which would represent 24% of government spending during the 2023-25 period. Also, it indicated that current expenditures continue to rise, given that the budget takes into account new financial aid for about 600,000 families. In addition, it expected the current account surplus at 6% of GDP in 2023, 7.8% of GDP in 2024, and 9% of GDP in 2025. It noted that the sustainability of the dinar's new peg to the US dollar, following its revaluation from IQD1,460 per dollar to IQD1,310 per dollar last February, will be tested by the foreign-currency liquidity of the banking sector, lower oil prices, and a material loosening of the fiscal stance in the 2023 budget.
Source: Standard Chartered Bank

EGYPT

Outlook revised to 'negative' on rising external financing risks

S&P Global Ratings affirmed Egypt's short- and long-term local and foreign currency sovereign credit ratings at 'B', and revised the outlook on the long-term ratings from 'stable' to 'negative'. It attributed the outlook revision to its expectations that the country's funding sources may not cover its elevated external financing requirements of about $17bn in the fiscal year ending June 2023 and of $20bn in FY2023/24. As such, it anticipated that economic activity will slow down significantly in the absence of sufficient foreign currency funding inflows. Also, it pointed out that the authorities' limited reform momentum has increased pressure on the exchange rate of the Egyptian pound and has raised the risk of further steep currency devaluations, higher inflation rates and rising interest rates, which could translate into the sovereign's reduced willingness to service its external debt. It added that the 'negative' outlook reflects risks that the policy measures that the Egyptian authorities have implemented may be insufficient to stabilize the exchange rate and attract foreign inflows to meet the sovereign's high external financing needs. It forecast Egypt's gross external financing needs at 144.5% of current account receipts and usable foreign reserves in FY2022/23, and anticipated them to reach 152% of current account receipts and usable foreign reserves in FY2024/25. Further, S&P indicated that it could downgrade the ratings in the next 12 months in case multilateral and bilateral funding, including from key GCC countries, is less than expected, and/or in case the external balance comes under greater-than-anticipated strain and if inflationary pressures persist.
Source: S&P Global Ratings

ARMENIA

Economic outlook subject to downside risks

The International Monetary Fund indicated that the Armenian economy has maintained its strong momentum in early 2023, but projected real GDP growth to decelerate from 12.6% in 2022 to 5.5% in 2023, despite robust consumption and strong investments. It noted that the average inflation rate declined from a peak of 10.3% in June 2022 to 5.4% in March 2023, and expected it to continue to moderate this year, due mainly to the lagged effects of monetary policy tightening, the appreciation of the dram, a lower food import bill, and reduced energy prices. In parallel, it called on authorities to preserve macro-fiscal stability, along with supporting Armenia's development in line with the government's 2024-26 medium-term expenditures framework, as well as to prioritize the planned rise in spending in the 2021-26 Government Program. Also, it welcomed the authorities' efforts to improve the efficiency of public spending, to enhance public financial management and to ensure higher-quality public investments, and considered that stronger revenue administration and the elimination of inefficient taxes will be critical to create fiscal space for priority spending. Further, it urged authorities to step up efforts to maintain healthy foreign currency reserve buffers and exchange rate flexibility, in order to help the economy absorb the ongoing external shocks. Also, the IMF considered that risks to Armenia's outlook are significantly high amid a challenging external environment, a potential slowdown in the global economy, tighter financial conditions, and lower trade and capital inflows.
Source: International Monetary Fund

BANKING

EMERGING MARKETS

Banking sectors vulnerable to higher interest rates and tight liquidity

S&P Global Ratings indicated that banking sectors in emerging markets (EMs) are vulnerable to tighter global financing conditions due to elevated interest rates and deteriorating liquidity positions. It said that EM banks are affected directly through their own significant net external debt, or indirectly given the exposure of EM banks to sovereign and corporate entities that rely on external funding. It noted that tighter external debt markets will make it more difficult for many developing countries, such as Türkiye and Qatar, to rollover their existing debt, which could lead to the depletion of the banks' liquidity buffers. It considered that Turkish banks are particularly vulnerable to negative market sentiment, increased risk aversion, reductions in global liquidity, and higher financing costs. It added that Qatari banks remain at risks, although the ratio of their external debt to total liabilities is decreasing, given that the Qatar Central Bank took measures in early 2022 to reduce the banks' external borrowing in order to improve their balance sheets. Further, it said that Indonesia, Egypt and Tunisia are exposed to external funding pressures that would impact their banking sectors. It noted that the volatility of the local currency would weigh on the Indonesian banking sector due to the external borrowing of local companies and to foreign exchange risk. It added that Egypt and Tunisia have growing external financing needs that resulted in an increase in their borrowing from their local banks and in the depreciation of their local currencies, which led to wider economic pressures that could have negative implications on the economy and the banking system.

Source: S&P Global Ratings

SAUDI ARABIA

Agency upgraded ratings on eight banks, outlook 'stable'

Fitch Ratings upgraded the long-term local and foreign currency Issuer Default Ratings (IDRs) of Alinma Bank, Arab National Bank (ANB), Bank Aljazira, Banque Saudi Fransi (BSF), Gulf International Bank - Saudi Arabia (GIB SA), Riyad Bank, Saudi British Bank (SABB), and Saudi Investment Bank (SAIB) from 'BBB+' to 'A-'. Further, it upgraded the national ratings of Alinma Bank, ANB, Bank Aljazira, BSF, GIB SA, and SAIB from 'AA-(sau)' to 'AA (sau)' and affirmed the national ratings of Riyad Bank and SABB at 'AA (sau)'. It also maintained the outlook on the foreign currency IDRs and national ratings of the eight banks at 'stable'. In addition, it upgraded the IDRs of Gulf International Bank and Gulf International Bank (UK) from 'BBB+' to 'A-', with a 'stable' outlook on the ratings. It attributed the upgrade of the banks' ratings to its similar action on the sovereign ratings of Saudi Arabia. It indicated that the ratings of the eight banks reflect a high probability of government support, in case of need, due to the authorities' strong ability and willingness to provide buffers to domestic banks and to the Kingdom's large external reserves and its increased access to external markets. In parallel, the agency noted that it could upgrade the banks' ratings if it upgrades the sovereign ratings and if the support to local banks from the Saudi government increases. In contrast, it said that it could downgrade the banks' ratings in case of a downgrade of the sovereign ratings.

Source: Fitch Ratings

JORDAN

Banking sector has ample liquidity, CAR at 17%

The International Monetary Fund indicated that the banking sector in Jordan is well capitalized and liquid. It said that the sector's capital adequacy ratio reached 17.1% at the end of June 2022 relative to 18% at end-2021, well above the minimum regulatory requirement of 12%. It noted that the sector's liquidity ratio stood at 137% at end-June 2022 compared to 141.5% at end-2021. It pointed out that the banks' high level of regulatory capital and their robust earnings-generating capacity would allow most of them to withstand a large global external shock, which would result in a manageable aggregate capital shortfall. It considered that domestic contagion risks from the potential failure of a Jordanian bank are limited, while credit concentration risk is substantial and the exposure of banks to the sovereign is considerable. Further, it indicated that banks have ample liquidity buffers and could manage significant liquidity pressures, but said that the banks' liquidity in foreign currency requires careful monitoring, given the Jordanian dinar's peg to the US dollar. Also, it noted that the sector's non-performing loans ratio regressed from 5% at end-2021 to 4.6% at end-June 2022, below its pre-pandemic level. In parallel, the IMF urged the Central Bank of Jordan to monitor carefully the foreign-currency liquidity of the banking sector, the banks' sovereign exposures and the banking system's concentration risk. Also, it considered that the authorities should continue to strengthen the risk-based supervision of the anti-money laundering and combating the financing of terrorism regime, particularly for customer due diligence obligations.

Source: International Monetary Fund

BAHRAIN

Banking sector assessment maintained

S&P Global Ratings maintained Bahrain's banking sector in 'Group 7' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '7' and an industry risk score of '6'. The BICRA framework evaluates banking systems based on economic and industry risks facing the banking sector, with 'Group 10' including the riskiest sectors. Other countries in 'Group 7' consist of Georgia, Guatemala, Morocco, Oman, and Thailand. The agency said that Bahrain's economic risk score reflects its "very high" credit risk in the economy, as well as "high risk" in economic resilience and economic imbalances. It noted that the economic risk score takes into account the country's relatively diversified economy compared to its Gulf Cooperation Council peers, against high credit concentrations in the commercial real estate and construction sectors. It projected the non-performing loans ratio to increase from 4% at the end of 2022 to 5.5% at end-2023 and 6% at end-2024 following the lifting of regulatory forbearance measures, due mostly to the banks' exposure to the real estate and construction sectors. In parallel, the agency pointed out that the industry risk score reflects the sector's "high risk" in its competitive dynamics and its system-wide funding, as well as "intermediate risk" in its institutional framework. It considered that funding risks for retail banks are rising, given the increase in their net external liabilities. Also, it noted that higher interest rates will support the net interest and profit margins of Bahraini banks. S&P indicated that the trend for economic and industry risks is "stable".

Source: S&P Global Ratings

Oil prices to average $86 p/b in second quarter of 2023

ICE Brent crude oil front-month prices reached $77.7 per barrel (p/b) on April 26, 2023, constituting a decrease of 6.5% from $83.1 p/b a week earlier, mainly due to growing concerns about the global economic outlook and fears of a recession in the U.S., the world's biggest economy. In parallel, the U.S. Energy Information Administration (EIA) revised downward its forecast for crude oil production by the OPEC+ coalition by around 0.5 million barrels per day (b/d) for the rest of the year. It indicated that heightened risks in the U.S. and global banking sectors raise uncertainties about macroeconomic conditions, which may lead to a reduction in liquid fuels consumption. But it expected the global oil markets to be relatively balanced in 2023. As such, it forecast oil prices to average $86 p/b for the rest of 2023, as it considered that the uncertainty in the oil prices forecasts comes from less than expected global economic growth and lower oil demand. In addition, the International Energy Agency (IEA) projected global oil demand to increase by 2 million b/d to 101.9 million b/d in 2023, driven by a resurgent in Chinese demand, which will account for 90% of the growth. It said that weak industrial activity and warm weather limited oil demand in OECD economies. It expected the additional production cut by OPEC+ members to reduce global oil supply by 400,000 b/d by the end of 2023. As such, it forecast a global oil supply deficit in the second half of 2023, which will boost oil prices amid heightened economic uncertainties. Further, the EIA forecast oil prices to average $86 p/b in the second quarter, $87 p/b in the third quarter of 2023.
Source: U.S. EIA, IEA, Refinitiv, Byblos Research

Global steel output up 16% in March 2023

Global steel production reached 165.1 million tons in March 2023, constituting increases of 16% from 142.4 million tons in February 2023 and of 2.5% from 161 million tons in March 2022. Production in China totaled 95.7 million tons and accounted for 58% of global steel output in March 2023. India followed with 11.4 million tons, or 7% of the total, then Japan with 7.5 million tons (4.5%), the U.S. with 6.7 million tons (4.1%), Russia with 6.6 million tons (3.9%), and South Korea with 5.8 million tons (3.5%).
Source: World Steel Association, Byblos Research

OPEC's oil basket price down 4.2% in March 2023

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $78.45 per barrel (p/b) in March 2023, constituting a decrease of 4.2% from $81.88 p/b in February 2023. The price of Angola's Girassol was $80.31 p/b, followed by Algeria's Sahara blend at $80.29 p/b, and Saudi Arabia's Arab light at $80.26 p/b. All prices in the OPEC basket posted monthly decreases of between $2.95 p/b and $4.7 p/b in March 2023.
Source: OPEC

Angola's oil export receipts down 57.4% to $830m in January 2023

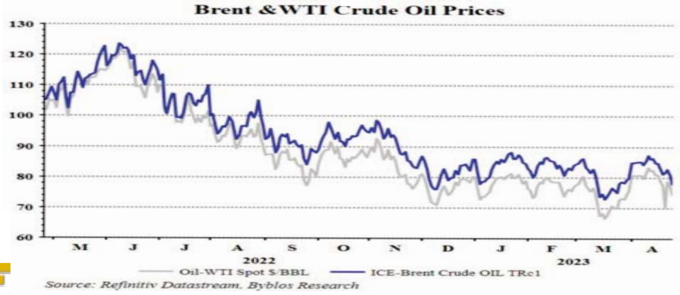
Oil exports from Angola reached 32.05 million barrels in January 2023, constituting an increase of 101,774 barrels (+0.3%) from 31.9 million barrels in December 2022 and a decrease of 5.48 million barrels (+14.6%) from 37.53 million barrels in the same month in 2022. The country's oil export receipts totaled KZ423.27bn, or $830m, in January 2023 and decreased by 57.4% from KZ993.4bn, or $1.95bn in December 2022. They declined by 60.4% from KZ1.068trillion ($1.95bn) in January 2022.
Source: Ministry of Finance of Angola

Base Metals: Zinc prices to average $3,232 per ton in 2023

The LME cash prices of zinc averaged $3,055.1 per ton in the year-to-April 27, 2023 period, constituting a decrease of 21.3% from an average of $3,881.4 a ton in the same period of 2022, driven by monetary tightening in advanced economies and a decrease in energy prices that led to the reopening of zinc smelters, which raised concerns of a market surplus. In parallel, S&P Global Market Intelligence projected global demand for refined zinc at 14.03 million tons in 2023 relative to 13.8 million tons in 2022, and forecast global zinc production at 13.8 million tons this year compared to 13.6 million tons in 2022. Further, it expected a market deficit of 184,000 tons in 2023, due to power shortage in China that will restrain the production of the metal. It projected global zinc consumption to increase by only 1.3% in 2023 due to high inflation rates in Europe and the decrease in consumer confidence in the U.S., while it expected China's demand for zinc to growth by 1.5% this year due to the rebound in economic activity in the country, which is reflected by expanding manufacturing activity and improving property sector metrics. Also, it forecast investments in in zinc exchange-traded funds to remain below normal levels in the near term, despite the increase in inflows in major exchanges. Moreover, it projected zinc prices to average $3,232 a ton in 2023.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Silver prices to average $23.5 per ounce in second quarter of 2023

Silver prices averaged $23.1 per troy ounce in the year-to-April 26, 2023 period, constituting a decline of 4.7% from an average of $24.2 an ounce in the same period of 2022. The decrease in prices was due mainly to the slowdown in demand for the metal, as well as to monetary tightening in advanced economies. In parallel, consulting firm Metals Focus projected the global supply of silver at 1.02 billion ounces in 2023 and forecast demand for the metal at 1.17 billion ounces in 2023. As such, it expected a deficit in the global silver market of 142.1 million ounces this year. Also, it forecast silver demand from the photovoltaic industry to expand by 15% to 161.1 million ounces in 2023 and projected the metal's demand from the industrial sector to increase by 4% to 576.4 million ounce, driven in part by a rise in demand from the solar power industry. In contrast, it anticipated silverware demand to drop by 24% to 55.7 million ounces in 2023, followed by a decline of 15% to 199.5 million ounces in demand for silver jewelry, and a contraction of 7% to 309 million ounces in net physical investment demand. Further, it forecast silver mine production to rise by 2% to 842.1 million ounces in 2023. In addition, Standard Chartered Bank projected silver prices to average at $23.5 per ounce in the second quarter and $21 an ounce in the third quarter of 2023.
Source: S&P Global Market Intelligence, Metals Focus, Standard Chartered Bank, Refinitiv



Source: Refinitiv Datastream, 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 (%)
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B-	B3	B-	-								
	Stable	Positive	Positive	-	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+								
	Negative	Negative	Negative	Negative	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC	Caa1	CCC-									
	Negative	RfD**	-	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD	Ca	SD	-								
	-	Stable	-	-	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-								
	-	Positive	Stable	-	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BB+	Ba1	BB+	-								
	Stable	Stable	Stable	-	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	Caa1	B-	-								
	Negative	Stable	Stable	-	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Tunisia	-	Caa2	CCC+	-								
	-	Negative	-	-	-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+	B2	B+	-								
	Negative	Negative	Stable	-	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+	B2	B+	B+								
	Positive	Negative	Stable	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-	Caa1	B-	-								
	Stable	Stable	Stable	-	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+								
	Stable	Positive	Negative	Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA-	A+								
	Stable	Stable	Stable	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-	Ba3	BB	BB								
	Positive	Positive	Positive	Positive	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA	Aa3	AA-	AA								
	Stable	Positive	Positive	Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A	A1	A+	A+								
	Stable	Positive	Stable	Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	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 Negative	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	5.00	22-Mar-23	Raised 25bps	03-May-23
Eurozone	Refi Rate	3.50	16-Mar-23	Raised 50bps	15-Jun-23
UK	Bank Rate	4.25	23-Mar-23	Raised 25bps	11-May-23
Japan	O/N Call Rate	-0.10	10-Mar-23	No change	28-Apr-23
Australia	Cash Rate	3.60	04-Apr-23	No change	02-May-23
New Zealand	Cash Rate	5.25	05-Apr-23	Raised 50bps	24-May-23
Switzerland	SNB Policy Rate	1.50	23-Mar-22	Raised 50bps	22-Jun-23
Canada	Overnight rate	4.50	12-Apr-23	No change	07-Jun-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Apr-23	No change	22-May-23
Hong Kong	Base Rate	5.25	23-Mar-23	Raised 25bps	04-May-23
Taiwan	Discount Rate	1.75	15-Dec-22	Raised 12.5bps	15-Jun-23
South Korea	Base Rate	3.50	13-Apr-23	No change	25-May-23
Malaysia	O/N Policy Rate	2.75	09-Mar-23	No change	03-May-23
Thailand	1D Repo	1.75	29-Mar-23	Raised 25bps	31-May-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	4.90	22-Mar-23	Raised 25bps	03-May-23
Saudi Arabia	Repo Rate	5.50	22-Mar-23	Raised 25bps	03-May-23
Egypt	Overnight Deposit	18.25	30-Mar-23	Raised 200 bps	18-May-23
Jordan	CBJ Main Rate	7.00	26-Mar-23	Raised 25bps	N/A
Türkiye	Repo Rate	8.50	23-Mar-23	No change	27-Apr-23
South Africa	Repo Rate	7.75	30-Mar-23	Raised 50bps	25-May-23
Kenya	Central Bank Rate	9.50	29-Mar-23	Raised by 75bps	N/A
Nigeria	Monetary Policy Rate	18.00	21-Mar-22	Raised 50bps	23-May-23
Ghana	Prime Rate	29.50	27-Mar-23	Raised 150bps	22-May-23
Angola	Base Rate	17.00	21-Mar-23	Cut 100bps	19-May-23
Mexico	Target Rate	11.25	30-Mar-23	Raised 25bps	18-May-23
Brazil	Selic Rate	13.75	22-Mar-23	No change	03-May-23
Armenia	Refi Rate	10.75	14-Mar-23	No change	02-May-23
Romania	Policy Rate	7.00	04-Apr-23	No change	10-May-23
Bulgaria	Base Interest	1.82	27-Mar-23	Raised 40bps	28-May-23
Kazakhstan	Repo Rate	16.75	07-Apr-23	No change	26-May-23
Ukraine	Discount Rate	25.00	16-Mar-23	No change	27-Apr-23
Russia	Refi Rate	7.50	17-Mar-23	No change	28-Apr-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