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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Economic contribution of travel and tourism sector at $7.7tn, or 7.6% of global GDP in 2022

Figures released by the World Travel & Tourism Council (WTTC) show that the contribution of the Travel and Tourism (T&T) sector to global gross domestic product (GDP) reached $7.7 trillion (tn) in 2022, constituting an increase of 4.7% from $7.35tn in 2021, with the T&T sector contributing 7.6% to global GDP in 2022 compared to 6.2% of GDP in 2021. The contribution of the T&T sector in North America stood at $2.3tn and contributed 8.1% to GDP in 2022, followed by Europe with $2tn (8.3% of GDP), North East Asia with $953.3bn (3.8% of GDP), the Middle East with $335.6bn (6% of GDP), Latin America with $302.6bn (7.6% of GDP), South East Asia with $241.7bn (6.8% of GDP), South Asia with $241bn (5.7% of GDP), Africa with $168bn (5.9% of GDP), Oceania with $149.6bn (7.5% of GDP), and the Caribbean with $62.7bn (10.9% of GDP). In addition, the contribution of the T&T sector to GDP in South East Asia surged by 113.3% in 2022, followed by South Asia (+80%), the Middle East (+47%), Europe (+40%), Africa (+37.6%), Latin America (+33.5%), the Caribbean (+33.2%), North America (+18.4%), and Oceania (+10%). In contrast, the contribution of the T&T sector to GDP in North East Asia declined by 13% last year. In parallel, it stated that spending by local visitors on T&T accounted for 78% of total T&T expenditures and expanded by 20.4% in 2022, while international spending on T&T represented 22% of the aggregate T&T spending and surged by 82% last year. It added that leisure spending by visitors accounted for 81% of T&T expenditures and grew by 23.5% in 2022, while business spending represented the remaining 19% and increased by 31.5% last year.
Source: World Travel & Tourism Council

Outstanding sustainable debt securities at $5.1 trillion at end-March 2023

Figures released by the Institute of International Finance indicate that global outstanding sustainable debt reached $5.1 trillion (tn) at the end of March 2023, constituting increases of 34.2% from $3.8tn at end-March 2022 and of 121.7% from $2.3tn at the end of March 2021. Sustainable debt securities issued by developed markets amounted to $3.6tn at end-March 2023 and accounted for 71% of the total, followed by emerging & frontier markets with $741bn (14.5%), as well as by sustainable debt securities issued by supranational institutions with $572bn (11.2%), and by offshore financial centers with $165bn (3.2%). In addition, the aggregate amount of outstanding sustainable bonds was $3.5tn at end-March 2023, or 68.4% of global sustainable debt securities, while loans extended to green and sustainability-linked projects reached $1.6tn (31.6% of the total). The distribution of sustainable bonds shows that green bonds amounted to $1.9tn at the end of March 2023 and represented 55% of the total, followed by sustainability bonds with $636bn (18.2%), social bonds with $546bn (15.6%), sustainability-linked bonds with $213bn (6%), green municipal bonds with $94bn (2.7%), and green asset-backed securities with $88bn (2.5%). Further, sustainability-linked loans reached $1.1bn, or 67.3% of the total, while green loans amounted to $528bn (32.7% of the total).
Source: Institute of International Finance

Greenfield FDI up 64% to $1.2 trillion in 2022

Figures released by fDi Markets show that global greenfield foreign direct investments (FDI) amounted to $1.16 trillion in 2022, constituting an increase of 64% from $704.3bn in 2021. There were 16,040 greenfield (FDI) projects in 2022 worldwide compared to 13,828 projects in 2021. Europe attracted $341.6bn in greenfield FDI and accounted for 29.6% of the total in 2022, followed by Asia Pacific with $279.7bn (24.2%), the Middle East & Africa (ME&A) with $261.2bn (22.6%), North America with $178.1bn (15.4%), and Latin America & the Caribbean (LAC) with $95bn (8.2%). In parallel, Europe was the largest source of greenfield FDI with $471bn, or 40.7% of the total, followed by Asia Pacific with $313.3bn (27%), North America with $234.6bn (20.3%), the ME&A region with $123.4bn (10.7%), and LAC with $13.3bn (1.2%). In addition, Europe was the recipient of 6,837 greenfield FDI projects in 2022 and accounted for 42.6% of the total, followed by Asia Pacific with 3,475 projects (21.7%), North America with 2,330 projects (14.5%), the ME&A region with 2,131 projects (13.3%), and LAC with 1,267 projects (7.9%). On a sectorial basis, the renewable energy sector attracted $343.1bn in greenfield FDI, or 29.7% of the total in 2022, followed by the coal, oil & gas industry with $102.4bn (9%), the semiconductors sector with $91.6bn (8%), the software & IT services sector with $67.9bn (6%), and the electronic components industry with $67.2bn (5.8%).
Source: fDi Markets, Byblos Research

KUWAIT

Profits of listed firms down 26% to $7.8bn in 2022

The cumulative net profits of 148 companies listed on Boursa Kuwait totaled KD2.38bn, or $7.76bn in 2022, constituting a decrease of 26% from KD3.2bn, or $10.65bn in 2021. The firms' aggregate earnings reached KD737.3m or $2.4bn in the first quarter, KD553.34m or $1.8bn in the second quarter, KD475.27m or $1.55bn in the third quarter, and KD677.5m or $2.2bn in the fourth quarter of 2022. Listed banks generated net profits of $4.5bn in the covered period and accounted for 58% of total earnings, followed by telecommunications firms with $868.8m (11.2%), financial services providers with $688m (9%), industrial companies with $587.7m (7.6%), real estate firms with $437m (5.6%), insurers with $368m (4.7%), companies in the discretionary consumers goods segment with $218m (2.8%), utilities providers with $47.2m (0.6%), basic materials firms with $36m (0.5%), healthcare providers with $17.7m (0.2%), and oil & gas companies with $10.3m (0.1%). In parallel, consumer staples companies posted net losses of $20.8m in 2022 and technology firms of $1.1m. Further, the net earnings of basic materials firms rose by 116% in 2022, followed by the income healthcare providers (+54.3%), banks (+27.7%), telecommunications firms (+11.4%), utilities providers (+5.2%), and insurers (+1%). In contrast, the income of the consumer staples companies decreased by 418% in 2022, followed by the net earnings of industrial sector (-83.7%), oil & gas companies (-77%), real estate sector (-52.4%), technology firms (-44%), financial services providers (-37%), and companies in the discretionary consumers goods segment (-5.6%).
Source: KAMCO

OUTLOOK

SAUDI ARABIA

Medium-term outlook contingent on economic diversification and reforms

The Institute of International Finance (IIF) revised downward its forecast for Saudi Arabia's real GDP growth from 2.8% to 2.4% for 2023 compared to 8.7% in 2022, due mainly to the anticipated lower oil output as a result of the recently announced oil production cuts under the OPEC+ agreement. It projected hydrocarbon-sector activity to contract by a real rate of 2.4% in 2023 relative to an expansion of 15.4% last year, and for the non-oil sector's real GDP to grow by 5.1% this year relative to 5.9% in 2022. It considered that sustaining the rapid medium-term growth in the non-oil sector will be contingent on building a diversified economy through deep and sustained reforms. It added that the Kingdom continues to benefit from the implementation of large infrastructure projects that are funded mostly by the Public Investment Fund and the National Development Fund. It also expected that the ongoing de-escalation of tensions in the region, following the Chinese brokered reconciliation between Saudi Arabia and Iran, could encourage additional domestic and foreign investments, which would raise potential real GDP growth in the medium to long terms. As such, it forecast overall economic activity to grow by 4.3% in 2024.

In parallel, the IIF projected Saudi Arabia's fiscal surplus to decrease from 2.5% of GDP in 2022 to 0.6% of GDP in 2023, in case authorities cut public spending by 3% this year, global oil prices average $85 per/barrel (p/b), and Saudi Aramco transfers to the government 72% of its oil export receipts. It also forecast the public debt level to remain stable at about 22% of GDP in the 2023-24 period. Further, it anticipated the current account surplus to decline from 13.6% of GDP in 2022 to 5.2% of GDP in 2023 and 2.4% of GDP in 2024, in case of a decrease in export receipts as a result of lower oil prices and export volumes. It expected non-resident capital inflows to the Kingdom at $14.9bn, and projected resident capital outflows at $70.8bn this year. Still, it forecast Saudi Arabia's public foreign assets to rise from $970bn at the end of 2022 to $1 trillion at end-2023.

Source: Institute of International Finance

NIGERIA

Weak public finances and growing external vulnerabilities to weigh on near-term outlook

The Institute of International Finance (IIF) considered that Nigeria's new administration faces multiple economic challenges that include persistently weak public finances and growing external vulnerabilities. It anticipated the public debt level to continue to rise over the medium term, as persistently wide primary fiscal deficits will more than offset the reduction in the public debt level as a result of modest real GDP growth. It estimated that, if the authorities want to stabilize the public debt level at about 46% of GDP over the medium-term, the government will need to implement a fairly sizeable fiscal consolidation plan to shift the primary deficit of about 2% of GDP in 2023 to a surplus of around 1% of GDP by 2027. It noted that authorities can alternatively stabilize the public debt trajectory by supporting stronger GDP growth, including from higher exports or larger capital spending that could be funded by non-resident capital inflows. But it anticipated that foreign funding will remain limited, given the recent downgrades of the sovereign by major rating agencies, and considered that the real GDP growth rate will remain modest in the near to medium terms.

In parallel, it pointed out that the government's external debt level has increased substantially in recent years, which is leading to major debt servicing challenges. It added that the country's foreign currency-denominated debt is predominantly in US dollars, which makes it susceptible to the dollar's appreciation against other currencies. In addition, it anticipated the current account balance to deteriorate in the near to medium terms, amid expectations of lower oil export volumes and an elevated import bill, which will make it more challenging for the economy to meet its debt obligations. It added that the anticipated lifting of fuel subsidies in June 2023, combined with the sustained depreciation of the exchange rate, would further exacerbate external imbalances.

Still, the IIF expected the Central Bank of Nigeria's foreign currency reserves to be sufficient to cover the external funding gap in the near term, but it cautioned against the rapid drawdown of the reserves in light of the potential risks to Nigeria's exports and/or the country's ability to attract enough foreign capital.

Source: Institute of International Finance

GHANA

Economic outlook dependent on reforms discipline

The International Monetary Fund (IMF) projected Ghana's real GDP growth to decelerate from 3.2% in 2022 to 1.5% in 2023, due mainly to the current economic crisis that the country is going through, the authorities' planned fiscal consolidation and public debt restructuring, as well as to the challenging external environment. It anticipated activity in the extractive sectors to expand by 6.1% and for real GDP in the non-extractive sectors to grow by 0.7% this year, its lowest level since the 1980s. It forecast real GDP growth to pick up to 2.8% in 2024 and to gradually recover to its long-term potential level of about 5% from 2026 onwards. It also considered that the authorities' ongoing comprehensive public debt restructuring, as well as their tight fiscal and monetary policies under the IMF-supported program, would help restore the sustainability of the public debt, significantly reduce external financing needs, and contain inflationary pressures.

In parallel, it projected the fiscal deficit to narrow from 11% of GDP in 2022 to 7.5% of GDP in 2023, in case authorities step up efforts to implement ambitious fiscal reforms and address weaknesses in the energy and cocoa sectors. In addition, it anticipated the current account deficit to narrow from to 2.8% of GDP in 2023 to 2.3% of GDP in 2024, and forecast foreign currency reserves to rise from $1.73bn at the end of 2023 to $3.27bn at end-2024. It expected that greater exchange rate flexibility, the shift of capital expenditures financing away from debt to foreign direct investments, and the authorities' ongoing external debt restructuring, would contain the growth of external debt and rebuild foreign currency reserves.

The IMF considered that Ghana's economic outlook is subject to significant downside risks that include domestic policy slippages ahead of the 2024 general elections, as well as public discontent and social unrest that could affect the IMF-supported program.

Source: International Monetary Fund

JORDAN

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Jordan's short- and long-term foreign and local currency issuer default ratings (IDRs) at 'B' and 'BB-', respectively, and maintained the 'stable' outlook on the long-term IDRs. It indicated that the ratings are supported by macroeconomic stability, progress in fiscal and economic reforms, and resilient financing linked to the liquid banking sector, public pension fund and international support. But it noted that the ratings are constrained by government debt level, weak economic growth, risks originating from domestic and regional politics, a current account deficit, as well as net external debt that is higher than the debt of rating peers. Further, it forecast fiscal consolidation to gradually continue, which would narrow the fiscal deficit to 2.3% of GDP in 2023 and 1.9% of GDP in 2024. It considered that the sustainability of the current fiscal strategy will depend on ongoing reforms that aim to lift growth prospects and creates jobs. It said that it could upgrade the ratings in case of a sustained decline in the government’s debt level, an increase in economic growth beyond pre-pandemic levels, and/or in case of a narrower current account deficit that would reduce the pressure on the net external debt. In contrast, it noted that it could downgrade the ratings if the public debt level increases in the medium term and/or if political stability deteriorates.

Source: Fitch Ratings

TUNISIA

Real GDP growth to decelerate to 2% in 2023

The European Bank for Reconstruction and Development (EBRD) estimated that Tunisia's real GDP growth decelerated from 4.3% in 2021 to 2.4% in 2022, due mainly to the contraction of activity in the construction, mining and energy sectors, as well as to a slowdown in manufacturing, which were partially offset by the recovery in the tourism, transport and agriculture sectors. Also, it noted that the average inflation rate was 8.3% in 2022 and reached a 40-year high of 10.4% in February 2023, driven mostly by higher global food and energy prices. It added that the Central Bank of Tunisia responded to rising inflationary pressures by hiking its policy rate by a cumulative 175 basis points to 7.25% in 2022. In parallel, it projected real GDP growth to further decelerate to 2% in 2023 but to slightly pick up to 2.3% next year, relative to previous growth projections of 2.5% this year and 2.7% in 2024. It anticipated that political instability in the country, the economic slowdown in Europe, limited fiscal space, a lack of access to external financing, the restrictive business environment, and the authorities' delays in implementing reforms to continue to weigh on Tunisia's growth outlook. It considered that the country remains vulnerable to external shocks, given the economy's relative dependence on tourism, imported food and energy products, and on Europe as a market for its exports. Further, it expected that a final agreement on a program with the International Monetary Fund could unlock the necessary external financing and accelerate the authorities' implementation of reforms, including reducing the public-sector wage bill, narrowing the fiscal deficit, and improving the business environment.

Source: European Bank for Reconstruction and Development

EGYPT

Sovereign ratings placed on review for downgrade on liquidity and debt affordability risks

Moody's Investors Service placed on review for downgrade Egypt's 'B3' long-term local and foreign currency issuer ratings, which are six notches below investment grade. It attributed the review for downgrade to the sovereign's increasing liquidity and debt affordability risks. It said that the authorities' slower-than-anticipated progress on the privatization of state-owned assets, which is a key component of the 46-month program with the International Monetary Fund (IMF) that started in December 2022, risks undermining Egypt's financing plans, weakening the sovereign's foreign currency liquidity, and eroding confidence in the Egyptian pound. It also anticipated that the weaker currency would fuel inflationary pressures, as well as raise borrowing costs and increase the share of the public debt that is denominated in foreign currency, which will exacerbate the sovereign's debt affordability risks. In addition, it said that the review period will focus on the government's ability to finalize the targeted $2bn in asset sales that is necessary to meet the financing targets for the fiscal year that ends in June 2023 under the IMF-supported program. It noted that the review period will also aim to demonstrate the authorities' ability to boost their net international reserves over the coming three months and support confidence in the currency. Further, it indicated that it could downgrade the ratings if authorities do not succeed in making progress on the sales of state-owned asset, in boosting confidence in the pound, and/or in limiting the further drawdown in foreign currency buffers.

Source: Moody's Investors Service

BAHRAIN

Sovereign ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed Bahrain's short- and long-term foreign and local currency sovereign ratings at 'B' and 'B+', respectively, and maintained the 'stable' outlook on the long-term ratings. It attributed the affirmation of the ratings to the improvement in the country's public finances and external balances in 2022, driven by high hydrocarbon prices. Also, it noted that the ratings are supported by ongoing financial assistance from Saudi Arabia, Kuwait and the UAE, which serves as a direct source of budget financing and as a key element in maintaining investor confidence and capital market access. Further, it pointed out that the ratings are underpinned by the country's high GDP per capita and diversified economy compared to its regional oil-exporting peers. But it said that the ratings are constrained by a high level of government debt, limited fiscal flexibility, and the sovereign’s vulnerability to volatile hydrocarbon prices. It noted that the country's external vulnerabilities and its modest foreign currency reserves continue to weigh on the ratings. In parallel, it indicated that the 'stable' outlook balances fiscal and external vulnerabilities and very high indebtedness against the agency's assumption that sufficient financial support from Gulf Cooperation Council peers could cover the country's financing needs, and to the authorities' efforts to implement fiscal consolidation measures. In parallel, it noted that it could change the outlook to 'negative' if the budget deficit widens, the public debt level rises, or if access to international markets tightens.

Source: Capital Intelligence Ratings

WORLD

Traditional money to still dominate in digitalization drive

Moody's Investors Service indicated that the future of money will probably include mobile money, central bank digital currencies (CBDCs), stablecoins, and cryptocurrencies. It said that these different types of money will have varying levels of adoption, which will depend on their level of efficiency and on transaction costs. However, it noted that the longstanding trust in the money that central banks issue, as well as in commercial bank money, which are deposits at banks that clients can redeem for physical cash or use to make digital transfers, will continue to dominate, despite the digitalization of money. Further, it considered that the drawbacks to commercial bank money consist of cross-border payments, counterparty risk, and limited privacy, but it noted that new payment solutions such as instant payment systems, digital wallets, and tokenized deposits, could offset some of these drawbacks. In addition, it stated that the use of CBDCs will likely be perceived as the safest digital money and may attract funds away from bank deposits. It said that central banks are likely to design CBDCs to facilitate payment services without reducing the supply of hard currency in the economy, given that banks rely on deposit inflows and that the use of CBDCs will not displace the banks' role in financial intermediation. Also, it noted that the volatility of cryptocurrencies is likely to limit their widespread adoption in basic money functions, as unbacked cryptocurrencies, which rely solely on supply and demand for their value, have been too volatile to meet the basic function of money.

Source: Moody's Investors Service

JORDAN

Construction and general trade account for 39% of lending at end-March 2023

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks in Jordan totaled JD33.2bn, or $46.8bn at the end of March 2023, constituting increases of 2% from JD32.6bn ($46bn) at the end of 2022 and of 8% from JD30.7bn ($43.3bn) at the end of March 2022. Loans in foreign currency represented 12.6% of the total at the end of March 2023 relative to 12.8% a year earlier. The resident private sector accounted for 88.5% of total credit at the end of March 2023 relative to 89.2% at the end of March 2022, followed by the central government with 6.4% compared to 5.8% a year earlier; public entities with 2.8%, the non-resident private sector with 2%, and financial institutions with 0.2%. Also, the distribution of credit by main sectors shows that construction represented JD8.2bn or 24.6% of the total at the end of March 2023 relative to 25.8% a year earlier, followed by public services & utilities accounted with JD5.4bn (16.3%), general trade with JD4.8bn (14.4%), industry with JD3.9bn (11.9%), financial services with JD838.2m (2.5%), tourism, hotels & restaurants with JD730.7m (2.2%), agriculture with JD573.8m (1.7%), transportation with JD379.8m (1.1%), and mining with JD126.4m (0.4%). In parallel, loans & advances reached JD20.9bn at the end of March 2023, followed by receivables of Islamic banks with JD9.1bn, overdrafts with JD2.8bn, credit cards with JD289.8m, and discounted bills with JD175.7m.

Source: Central Bank of Jordan

ARMENIA

Banks benefiting from remittance inflows

Moody's Investors Service indicated that the Central Bank of Armenia reported that remittances inflows to the country reached $1.6bn in the first quarter of 2023, constituting an increase of 182% from $560m in the same quarter last year. It pointed out that remittances from Russia accounted for 77% of total flows in the first quarter of 2023 relative to 67% in 2022, as Western sanctions on Russia's economy triggered the migration of the deposits of Russian companies and Russian capital to Armenia. It said that the increase in money transfers supports the banks' profitability, liquidity and asset quality. It considered that strong cash inflows will benefit the banks' profitability through higher fees and commission income, gains from foreign currency transactions, and a lower cost of funding. It noted that the majority of Armenian banks reported unusually elevated foreign-currency earnings in the first quarter of this year and in 2022, due to higher-than-average demand for currency conversion. As such, it expected the banks' profitability to remain strong in 2023 following historically high returns in 2022. In addition, it indicated that continued remittance inflows would support the disposable income of Armenian households, the capacity of retail borrowers to repay loans, and the quality of loans to small- and medium-sized enterprises that depend on retail sales of goods and services. It added that the sustained growth of remittance inflows would benefit the banks through increased deposit flows, foreign-currency liquidity and an expanded client base. Also, it said that increasing cash transfers will underpin the stability of the local currency, which will support the quality of foreign currency loans, since Armenian banks are highly dollarized.

Source: Moody's Investors Service

TÜRKIYE

Speed of rates increase could be key for banks

Fitch Ratings indicated that a modest and gradual increase in interest rates could be credit-positive for Turkish banks if it leads to the reduction of macroeconomic and financial stability risks. But it said that a large and rapid rise in interest rates could result in the significant deterioration of asset quality that could put pressure on the banks' profitability and capitalization. It pointed out that Turkish banks have sufficient buffers to absorb a moderate deterioration in asset quality from a gradual interest rate rise. But it noted that banks should reprice many loans quickly, given their shift to extending short-term loans denominated in local currency, which mitigates the risks from the weakening economic climate and helps them adapt to multiple changes in macroprudential regulations. Further, it said that the benefits to the banks' net interest margins would depend on how much banks will raise rates on Turkish lira deposits. It considered that the pressure on the pricing of deposits could ease if the authorities remove the requirement that 60% of deposits at banks must be denominated in local currency or that banks should hold additional long-term lira-denominated government bonds. Also, it indicated that the shift to short-term lending has been accompanied by an increase in protected foreign-currency deposits. It pointed out that this combination has led to a decrease in the maturity mismatches between lira-denominated assets and liabilities for many banks, which improved their positioning to face rising interest rates.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $89 p/b in second quarter of 2023

ICE Brent crude oil front-month prices averaged $81.6 per barrel (p/b) in the year-to-May 17, 2023 period, constituting a decrease of 19.3% from $101.1 p/b in the same period of the previous year, due to monetary policy tightening by major central banks and growing concerns about the global economic outlook. In parallel, the National Bank of Kuwait indicated that the outlook for the global oil market and prices in 2023 remains highly uncertain amid a myriad of negative and positive risk factors. It considered that macroeconomic concerns that would affect oil demand, such as recession fears in OECD economies and lagging Chinese consumption growth in the second half of 2023, and supply-side pressures originating from the OPEC+ production cuts, would weigh on the outlook for global oil markets for the next few months. However, it expected the global oil market to shift from a surplus to a deficit in the summer, due to expectations of increased oil consumption, mainly in China and the Far East, which, in turn, will lead to a slight increase in oil prices from their current level. Further, the International Energy Agency forecast global oil demand to increase by 2.2 million barrels per day (b/d) in 2023 to an average of 102 million b/d, driven by higher oil demand from China, India, and the Middle East, which would more than offset weaker industrial activity and oil consumption in OECD countries. It projected global oil supply to increase by 1.2 million b/d in 2023, mainly driven by higher production from the U.S. and Brazil. Also, Citi Research forecast oil prices to average $89 p/b in the second quarter and $84 p/b in the third quarter of 2023.
Source: National Bank of Kuwait, International Energy Agency, Citi Research, Refinitiv, Byblos Research

Middle East demand for gold jewelry down 5.2% in the first quarter of 2023

Demand for gold jewelry in the Middle East totaled 45.1 tons in the first quarter of 2023, constituting a decrease of 5.2% from 47.5 tons in the same quarter of 2022, and accounted for 9.4% of global demand for jewelry. Demand for gold jewelry in Saudi Arabia reached 9.8 tons, representing 21.7% of the region's consumption in the covered period. The UAE followed with 9.7 tons (21.6%), then Egypt with 9.2 tons (20.4%), Iran with 7.1 tons (15.8%), and Kuwait with 3 tons (6.7%).
Source: World Gold Council, 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 13.2 million barrels per day (b/d) in 2023, which would constitute an increase of 4% from 12.68 million b/d in 2022. The region's demand for oil would represent 23.7% of demand in non-OECD countries and 13% of global consumption in 2023.
Source: OPEC

Angola's oil export receipts up 7.8% to $879.4m in March 2023

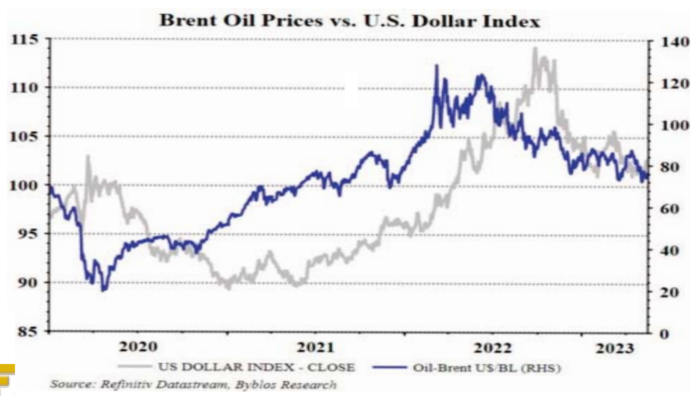
Oil exports from Angola reached 29.44 million barrels in March 2023, constituting a decrease of 5.35 million barrels (-5.4%) from 34.8 million barrels in February 2023 and a decline of 4.3 million barrels (-12.8%) from 33.7 million barrels in the same month in 2022. The country's oil export receipts totaled KZ448.7bn, or $879.37m, in March 2023 and increased by 7.8% from KZ486.72bn, or $953m, in February 2023. They decreased by 47.7% from KZ858.4bn ($1.84bn) in March 2022.
Source: Ministry of Finance of Angola

Base Metals: Copper prices to average $8,700 per ton in second quarter of 2023

LME copper cash prices averaged $8,834.6 per ton in the year-to-May 17, 2023 period, constituting a decline of 11.2% from an average of $9,954.2 a ton in the same period of 2022. The decrease in prices was due mainly to the tightening of global monetary policy and a stronger US dollar. In parallel, the International Copper Study Group projected the global production of refined copper at 26.4 million tons in 2023, which would constitute an increase of 2.6% from 25.6 million tons in 2022. It expected that higher output from China and the Democratic Republic of the Congo to partially offset lower production in Chile, Indonesia and the United States due to operating constrains and maintenance. In addition, it forecast global demand for refined copper at 26.4 million tons in 2023, which would represent a rise of 1.4% from 26.07 million tons in 2022. Further, it forecast demand for the metal to increase by 1.2% globally in 2023 and for global copper demand excluding China to expand by 1.6% this year. Further, it considered that infrastructure developments in major countries and the global trend towards cleaner energy and electric cars will continue to support copper demand in the longer term. In addition, Citi Research projected copper prices to average $8,700 per ton in the second quarter and $8,500 a ton in the third quarter of 2023.
Source: ICSG, Citi Research, Refinitiv

Precious Metals: Platinum prices to average $1,025 per ounce in second quarter of 2023

Platinum prices averaged $1,016 per troy ounce in the year-to-May 17, 2023 period, constituting an increase of 0.9% from an average of $1,006.5 an ounce in the same period last year. In parallel, Citi Research projected global demand for platinum to reach nearly 7.9 million ounces in 2023 and to increase by 9.1% from 7.24 million ounces in 2022. Also, it forecast the global supply of platinum to increase from 7.28 million ounces in 2022 to 7.44 million ounces in 2023, or by 2%, with mine output representing 76.6% of global refined platinum production this year. It expected the platinum market to shift from a surplus in 2022 to a deficit in 2023, driven by the recovery in autocatalyst demand due to the substitution of palladium to platinum in the production of electrical vehicles batteries, and by strong demand from glass manufacturers. Also, it expected net inflows to platinum exchange-traded funds to shift to outflows, which would lead a wider deficit. Further, it forecast platinum prices to average $1,025 per ounce in the second quarter and $1,050 an ounce in the third quarter of 2023.
Source: Citi Research, Refinitiv, Byblos Research



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 (%)
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 Negative	B3 RfD**	B Negative	B+ Negative	-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	BB+ Stable	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- Stable	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- Positive	Ba3 Positive	BB Positive	BB Positive	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA Stable	Aa3 Positive	AA- Positive	AA Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A Stable	A1 Positive	A+ Stable	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 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	5.25	03-May-23	Raised 25bps	14-Jun-23
Eurozone	Refi Rate	3.75	04-May-23	Raised 25bps	15-Jun-23
UK	Bank Rate	4.50	11-May-23	Raised 25bps	22-Jun-23
Japan	O/N Call Rate	-0.10	28-Apr-23	No change	16-Jun-23
Australia	Cash Rate	3.85	02-May-23	Raised 25bps	06-Jun-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	5.50	04-May-23	Raised 25bps	15-Jun-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	3.00	03-May-23	Raised 25bps	06-July-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	5.15	03-May-23	Raised 25bps	14-Jun-23
Saudi Arabia	Repo Rate	5.75	03-May-23	Raised 25bps	14-Jun-23
Egypt	Overnight Deposit	18.25	30-Mar-23	Raised 200 bps	18-May-23
Jordan	CBJ Main Rate	7.25	05-May-23	Raised 25bps	N/A
Türkiye	Repo Rate	8.50	27-Apr-23	No change	25-May-23
South Africa	Repo Rate	7.75	30-Mar-23	Raised 50bps	25-May-23
Kenya	Central Bank Rate	9.50	29-Mar-23	No change	29-May-23
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	03-May-23	No change	N/A
Armenia	Refi Rate	10.75	02-May-23	No change	13-Jun-23
Romania	Policy Rate	7.00	10-May-23	No change	05-Jul-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	27-Apr-23	No change	15-Jun-23
Russia	Refi Rate	7.50	28-Apr-23	No change	09-Jun-23

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