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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Private equity fundraising down 20% to $464bn in 2022

Figures issued by information provider PitchBook Data indicate that private equity (PE) funds raised $464.2bn in capital commitments worldwide in 2022, constituting a decrease of 20% from $579.4bn in 2021. In comparison, PE funds secured $272.4bn in 2015, $424.1bn in 2016, $423.7bn in 2017, $395.2bn in 2018, $583bn in 2019, and $448.2bn in 2020. Further, it pointed out that 742 PE deals took place worldwide in 2022, representing a decline of 41.6% from 1,271 transactions in 2021. There were 854 deals in 2015, 933 transactions in 2016, 1,003 deals in 2017, 932 transactions in 2018, 1,002 deals in 2019, and 1,084 transactions $448.2bn in 2020. The amount of capital raised expanded by a compound annual growth rate (CAGR) of 7%, while the number of PE transactions posted a CAGR of -1.7% during the 2016-22 period. In addition, it said that 103 PE funds raised $97.1bn in capital commitments worldwide in the first quarter of 2023. It pointed out that 22 PE funds raised between $1bn and $5bn and accounted for 55.2% of the total in the covered quarter, followed by three PE funds that raised more than $5bn each (30%), 13 PE funds that secured $500m to $1bn each (10%), eight PE funds that raised between $250m and $500m each (30%), nine PE funds that secured $100m to $250m each (1.3%), and 32 PE funds with less than $100m each (0.9%).
Source: PitchBook Data, Byblos Research

Merchandise exports of intermediate goods at $9.7 trillion in 2022

Figures released by the World Trade Organization show that the global merchandise exports of intermediate goods reached $9.7 trillion (tn) in 2022, nearly unchanged from 2021. They stood at $2.4tn in the first quarter, $2.5tn in the second quarter, $2.4tn in the third quarter, and $2.3tn in the fourth quarter of 2022. Exports of intermediate goods from Asia reached $4.2tn and accounted for 43% of total exports of intermediate goods in 2022. Europe followed with $3.5tn (35.6%), then North America with $1.25tn (12.8%), South & Central America with $449bn (4.6%), and Africa with $284bn (2.9%). The value of exports of intermediate goods increased by 9.7% from Africa last year, followed by South & Central America (+8.5%), and North America (+4.8%). In contrast, the value of exports from Europe decreased by 1.8% in 2022, followed by Asia (-1.2%). In parallel, the exports of industrial supplies, such as raw and semi-manufactured materials, amounted to $4.8tn and accounted for 49% of the exports of intermediate goods in 2022; followed by parts and accessories for consumer goods, excluding transport equipment, with $2.5tn (25.8%); parts and accessories of transport equipment with $1.06tn (11%), ores and precious stones with $918bn (9.4%), and exports of intermediate goods for the food & beverages industry with $472bn (5%). Global trade in intermediate goods for the food & beverages industry increased by 15% last year, followed by parts and accessories of transportation equipment (+1.6%), and industrial supplies (+1.4%). In contrast, global trade in parts and accessories of non-transport equipment decreased by 4% in 2022, followed by intermediate goods for ores and precious stones (-3.4%).
Source: World Trade Organization, Byblos Research

MENA

Assets of sovereign wealth funds at $3.7 trillion at end-March 2023

Research provider Preqin indicated that sovereign wealth funds (SWFs) in the Middle East had $3.7 trillion (tn) in assets under management (AUM) at the end of March 2023, constituting an increase of 8.8% in the first quarter of the year. It pointed out that SWFs in the Middle East had $1.4tn in AUM at end-2013, $1.55tn at end-2014, $2.1tn at end-2015, $2.8tn at end-2016, $2.9tn at end-2017, $3.6tn at end-2018, $3.1tn at end-2019, and $3.3tn at end-2020, $3.1tn at end-2021 and $3.4tn at end-2022, and increased by a compound annual growth rate 9.3% during the 2013-22 period. It said that the Middle East-based SWFs accounted for 36% of the aggregate AUM of SWFs worldwide at end-March 2023, second only to Asia-based SWFs that held 41% of the assets of SWFs globally. Further, it said that the Abu Dhabi Investment Authority had $829bn in AUM and accounted for 22.4% of the total assets of SWFs in the Middle East at end-March 2023, followed by the Kuwait Investment Authority with $750bn in AUM (20.3%), the Saudi Arabia's Public Investment Fund with $620bn (16.8%), and the Qatar Investment Authority with $445bn (12%). In parallel, it indicated that 44% of the investments of the region's SWFs were in alternatives in 2022, followed by placements in equities with 34%, fixed income with 12%, and cash with 7%, while investments in other asset classes accounted for the remaining 3%.
Source: Preqin, Byblos Research

GCC

Corporate earnings down 9% to $61.5bn in first quarter of 2023

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $61.5bn in the first quarter of 2023, constituting a decrease of 9.1% from $67.9bn in the same quarter of 2022. Listed companies in Saudi Arabia generated $50.2bn in profits, or 63.3% of total corporate earnings in the GCC in the first quarter of 2023, followed by listed firms in Abu Dhabi with $11.1bn (18%), Dubai with $4.8bn (7.8%), Qatar with $3.4bn (5.5%), Kuwait with $2.3bn (3.7%), and Bahrain and Oman with $0.5bn each (0.8% each). Further, the earnings of listed companies in Abu Dhabi jumped by 52% in the first quarter of 2023 from the same quarter last year, followed by the earnings of listed firms in Dubai (+50%), Oman (+25%), and Kuwait (+9.5%), while the profits of listed firms in Bahrain regressed by 44.4%, followed by the earnings of listed firms in Saudi Arabia (-22.5%), and Qatar (-12.8%). Also, the earnings of listed firms in the GCC energy sector reached $33.1bn and accounted for 53.7% of total corporate earnings in the first quarter of 2023, followed by the profits of listed banks with $13.3bn (21.6%), utilities companies with $3.3bn (5.3%), telecommunication firms with $2.6bn (4.2%), and capital goods firms with $2.5bn (3.1%). Also, the income of the banking sector increased by $2.3bn in the first quarter of 2023 from the same quarter last year, followed by the profits of utilities companies (+$1.9bn), the earnings of capital goods firms (+$0.8bn), and the income of telecommunication firms (+$0.4bn). In contrast, the profits of firms in the energy sector declined by $6.75bn in the first quarter of 2023 from the same quarter of 2022.
Source: KAMCO, Byblos Research

OUTLOOK

AFRICA

Subdued economic recovery in near to medium terms

The World Bank projected the real GDP growth rate of Sub-Saharan Africa (SSA) at 3.2% in 2023 relative to its January forecast of a 3.6% expansion for this year. It attributed the change to an abrupt slowdown of economic activity in South Africa, as well as to weaker economic activity across energy and metal producers and in non-resource-rich countries. It expected the reopening of China to boost the exports of some SSA countries this year, but noted that limited access to external borrowing for SSA sovereigns will hold back economic recoveries as debt burdens and financing needs increase. Also, it anticipated the elevated cost of living across the region to continue to limit private consumption, and for limited fiscal space and tight monetary policies to weigh on investment growth. It considered that these domestic vulnerabilities, combined with tight global financial conditions and weak growth worldwide, will keep the recoveries of SSA economies subdued over the near to medium terms. As such, it forecast economic growth in the SSA region to average about 4% annually in the 2024-25 period.

It considered that headwinds from the weaker external environment will magnify the capacity constraints in extractive sectors for several metal and oil-producing economies. It also anticipated that the economic recovery prospects for many small agricultural commodity producers will be affected by food insecurity, increased prices and shortages of farming inputs, and adverse weather conditions. Further, it expected higher financing needs, elevated levels of public debt, and limited fiscal space to weigh on the activity of SSA economies and to exacerbate unfavorable debt dynamics in several countries in the region.

Further, it considered that risks to the SSA region's economic outlook are tilted to the downside, and include a steeper-than-expected global economic slowdown, deteriorating terms of trade for SSA sovereigns, higher inflation rates along with further domestic and international tightening of monetary policy, renewed financial distress in advanced economies, more adverse weather conditions, and escalating violence and insecurity in the region.
Source: World Bank

MENA

Economic prospects vary across Arab world

The Arab Monetary Fund (AMF) projected real GDP growth in Arab economies to decelerate from 5.6% in 2022 to 3.4% in 2023, due to lower external demand from the expected slowdown in global growth this year, as well as to the decline in oil and commodity prices and to tighter global monetary conditions. Also, it expected Gulf Cooperation Council (GCC) countries and non-GCC oil exporters to post growth rates of 3.4% and 4.2%, respectively, in 2023, and for activity in the region's oil importers to expand by 3.1% this year. It forecast real GDP growth to accelerate to about 4% in 2024, if global energy and commodity prices stabilize, global growth recovers and boosts external demand for Arab exports, and in case of lower interest rates. It stressed the need for Arab governments to adopt reforms in order to diversify their economies, as well as to address the structural obstacles to achieve sustainable growth rates. Further, it anticipated real GDP growth rates of 4.2% and 3.2% for GCC and non-GCC oil exporters, respectively, in 2024, and for activity in the region's oil importers to expand by 4% next year.

In parallel, it indicated that, in the next two years, the fiscal priorities of policymakers in Arab countries will include adjusting tax rates, rationalizing tax exemptions, revisiting subsidy policies, and strengthening social safety nets. In addition, it forecast the current account surplus of GCC and non-GCC oil exporters at 9.8% of GDP and 7.8% of GDP, respectively, in 2023, in case of lower oil production and prices; and for the current account deficit of the region's oil importers to reach 4.8% of GDP this year and 4.2% of GDP in 2024. Further, it considered that several Arab countries are facing key challenges that include food security, rapid population growth, unfavorable security conditions in some countries, and economic challenges, as well as climate change. It pointed out that countries in the region are stepping up efforts to address these issues, including by using modern technologies in agriculture, strengthening regional cooperation and sustainable practices, diversifying food sources and supply chains, and enhancing social safety nets.
Source: Arab Monetary Fund

EGYPT

Outlook contingent on progress of asset sales

Goldman Sachs considered that Egypt's economic outlook is contingent on the progress of the privatization of part of the public sector's assets, which is the most likely source of foreign currency liquidity for the country. It indicated that the government needs a substantial injection of liquidity, given the sizeable backlog of foreign currency payments in the domestic market, in order to unify the multiple exchange rates. It estimated that the Central Bank of Egypt needs in excess of $5bn in foreign currency reserves to manage an orderly transition to a more flexible exchange rate regime, while it considered the prospects of a deliberate devaluation to be low.

However, it did not expect proceeds from asset sales to materialize in the near term, and estimated that the authorities will struggle to accumulate sufficient foreign currency buffers for an orderly transition to a flexible exchange rate regime. As such, it anticipated that concerns about a potential steep depreciation of the exchange rate will impede the transition to a flexible exchange rate regime, which raises risks to the country's program with the International Monetary Fund (IMF). In this case, it expected inflows of foreign currency to remain below the IMF's baseline scenario, which would raise concerns about Egypt's external financing outlook.

As such, it anticipated that Egypt will face the prospects of a "painful adjustment" of its external position in the absence of a faster pace of reforms. It expected the authorities to cover the external financing shortfall through further adjustments in the current account, which they are likely to achieve by compressing domestic demand through sustained foreign currency controls in order to reduce imports. But it considered that the country's strong willingness to pay its external obligations, a relatively low commercial external debt burden, and a low likelihood of social instability, mitigate risks to external creditors.
Source: Goldman Sachs

IRAQ

Real GDP growth to average 3.4%, current account surplus at 10% of GDP in 2023-24 period

The Arab Monetary Fund projected real GDP growth in Iraq at 4% in 2023 and 2.7% in 2024, compared to growth rates of 4.2% in 2023 and 3.2% in 2024 for non-GCC oil exporting economies, and to 3.4% in 2023 and 4% in 2024 for Arab countries. It attributed its forecast to the strong rebound in hydrocarbon activity in Iraq, which would improve the trade balance. But it noted that the elevated reliance on the oil sector, as well as the challenges related to the agricultural sector and to food security, pose risks to economic growth prospects. It said that the implementation of macro-financial and structural reforms is crucial to promote growth in non-oil sectors. Also, it forecast the inflation rate at 4.2% in 2023 and 2.9% in 2024, compared to inflation rates of 10.4% in 2023 and 6.5% in 2024 for non-GCC oil exporters and of 6.8% in 2023 and 6.3% in 2024 for Arab economies excluding those that are facing elevated inflation rates. It said that elevated global commodity prices and the disruptions to global supply chains led to significant increases in the prices of energy and agricultural crops in Iraq, which constitute a challenge to the Iraqi government to control price levels. Also, it projected Iraq's current account balance to post surpluses of 11.4% of GDP in 2023 and 8% of GDP in 2024, compared to surpluses of 7.8% of GDP in 2023 and of 5% of GDP in 2024 for non-GCC oil exporters.

Source: Arab Monetary Fund

PAKISTAN

Debt restructuring increasingly likely in absence of IMF program

Barclays Capital indicated that the Pakistani government is considering a restructuring of the country's external debt from bilateral creditors, which would not cover multilateral or domestic debt. It added that any proposals for debt restructuring would not include haircuts on the principal amount of the debt and would focus on maturity extensions. It considered that the current government does not have the intention to negotiate a new program with the International Monetary Fund (IMF), and that the next administration will take this decision after the upcoming general elections that are scheduled to take place by October 2023. It pointed out that it is common for Pakistan's bilateral creditors to provide maturity extensions or rollovers in the absence of an IMF-supported program. But it considered that there are uncertainties about how much financing support or relief Pakistan's bilateral creditors are willing to provide without an IMF agreement. It expected bilateral creditors to provide one-year rollovers to give the country "breathing room" ahead of the next elections, and for potential IMF negotiations to progress after the formation of a new government. Under this scenario, it anticipated the IMF to consider inititally that Pakistan's debt has a low probability of being "sustainable", which would imply that the sovereign has liquidity constraints and that reprofiling could ease repayments or shift them to a period where the government has an improved capacity to repay its obligations. It also expected the IMF to push for a limited form of debt restructuring, or a reprofiling of bilateral debt and Eurobonds. But it said that under the second scenario, bilateral creditors will not provide rollovers and/or relief, which will be disruptive and weigh on bond prices.

Source: Barclays Capital

TUNISIA

Sovereign ratings downgraded on elevated financing risks

Fitch Ratings downgraded Tunisia's long-term local and foreign currency issuer default rating (IDRs) from 'CCC+' to 'CCC-'. Also, it affirmed the short-term local and foreign currency IDR and the Country Ceiling at 'C' and 'B-', respectively. It attributed the downgrades to the prevailing uncertainties about Tunisia's ability to mobilize sufficient external funding to meet its large financing requirements. Further, it forecast the government financing needs at around 16% of GDP in 2023 and 14% of GDP in 2024, well above the 2015-19 average of 9% of GDP, as a result of wide fiscal deficits and elevated debt maturities. It noted that the government's financing plan relies on more than $5bn in external financing, which is contingent on the approval of a program with the International Monetary Fund (IMF). It considered that Tunisia could unlock around $3.5bn of the planned external funding in 2023 in case the authorities reach an agreement with the IMF this year. In addition, it forecast the current account deficit at 7% of GDP in 2023 and 6.5% of GDP in 2024, due to a significant recovery of tourism receipts, despite wide energy and food balance deficits. Also, it expected the public debt level to peak at 81% in 2023 and to decrease to 77.3% in 2024, supported by negative real interest rates in 2023 and higher GDP growth and budget consolidation. In parallel, it indicated that it could upgrade the ratings if authorities secure sufficient external funding to meet the government's financing needs. In contrast, it noted that it could downgrade the ratings in case the government's cannot obtain funding from the IMF and unlock associated official creditor financing, or in case of rising pressure on the country's external account.

Source: Fitch Ratings

ARMENIA

Real GDP growth to average 5.3% in 2023-24 period

The International Monetary Fund projected Armenia's real GDP growth at 5.5% in 2023 and 5% in 2024, and expected robust consumption and investments, as well as the expansion in the construction, services, and trade-related sectors to support economic activity this year. Also, it forecast the inflation rate at 5.6% in 2023 and 4% in 2024, and anticipated that double-digit nominal wage growth and the rise in the prices of services to constitute sources of significant underlying inflationary pressures. In parallel, it forecast the fiscal deficit at 3% of GDP in 2023 and 2.7% of GDP in 2024 and for the public debt level to average about 50% of GDP in the 2023-24 period. It called on authorities to step up efforts to mobilize public revenues, including by broadening the tax base and addressing the informal sector, and to prioritize building fiscal buffers in case growth and revenues are higher than expected. In addition, it projected the current account deficit at 1.6% of GDP in 2023 as receipts from services and remittance inflows normalize, and anticipated the deficit to widen to 3% of GDP in 2024. It also forecast gross foreign currency reserves at about $4.26bn in the 2023-24 period. Further, it considered that Armenia's economic outlook is subject to elevated risks that originate from a challenging external environment, including regional tensions, tighter global financial conditions, and a slowdown in the economic activity of the country's major trading partners.

Source: International Monetary Fund

BANKING

SAUDI ARABIA

Banking sector's supervisory framework improves

The International Monetary Fund indicated that the banking sector in Saudi Arabia is well capitalized due to its robust aggregate capital adequacy ratio, and that the banks are profitable due largely to their wide net interest margins. It said that the non-performing loan ratio of the sector is low and declining, as it noted that the temporary regulatory measures that the authorities introduced in 2020 in response to the COVID-19 pandemic were phased out in 2022 and early 2023. Also, it pointed out that demand for project-related and consumer loans remains strong, which has helped offset the impact on profitability from rising funding costs due to higher interest rates and from a greater share of time and saving deposits in the banks' liabilities. Further, it said that the implementation of the Internal Capital Adequacy Assessment Process and Basel III final reforms, as well as the adoption of the international accounting standard IFRS9, helped strengthen the regulatory and supervisory frameworks of the banks. In parallel, it indicated that the risks originating from the rapid rise in mortgage lending since 2018 are relatively contained, as the majority of mortgages are subsidized and issued at a fixed interest rate, with a full recourse and repayments directly linked to salary assignments. But it called on authorities to closely monitor the credit underwriting and management practices at banks amid rapid credit growth, as it stressed the need to detect early on the weakening debt repayment ability of borrowers.

Source: International Monetary Fund

CÔTE D'IVOIRE

NPLs ratio at 9%, provisions at 64% at end-June 2022

The International Monetary Fund considered that Côte d'Ivoire's banking sector is sound, despite the impact of the COVID-19 pandemic and the war in Ukraine on the local economy. It said that, following the introduction of new prudential regulations in accordance with the Basel II and III principles, the aggregate risk-weighted capital adequacy ratio of banks increased from 10.5% at the end of 2019 to 12.7% at end-2021 and 12.9% at end-June 2022, and came above the regulatory standard of 8.625% for the West African Economic and Monetary Union to which Côte d'Ivoire belongs. But it noted that three small banks were under-capitalized as at end-June 2022. Also, it said that net credit growth to the private sector slowed from 12.6% in 2021 to 7.3% in 2022, as small- and medium-sized enterprises are facing structural constraints in accessing financing. It indicated that the non-performing loans (NPLs) ratio was 8.7% at end-2021 and 8.8% at end-June 2022, with general provisions covering 63.9% of NPLs relative to 67% at end-2021. It added that the banks' NPLs net of provisions were equivalent to 3.4% of total loans and to 23.4% of capital at end-June 2021, up from 3.1% of total loans and 23.1% of capital at end-2021. Further, it pointed out that net bank claims on the central government increased sharply during the 2020-22 period, as the government resorted to the domestic banking sector to finance its widening budget deficits. In parallel, it noted that the government is committed to completing the ongoing restructuring of two state-owned banks, and will accelerate the implementation of the Financial Sector Development Plan.

Source: International Monetary Fund

OMAN

Supportive operating conditions to mitigate for tighter funding and weaker asset quality

Moody's Investors Service indicated that the 'stable' outlook on the Omani banking sector balances the country's supportive operating conditions with the banks' tighter funding and weaker asset quality. It anticipated the growth in the non-oil sector to support lending, but for problem loans to rise due to the recent lifting of pandemic-related forbearance measures for borrowers. As such, it projected the non-performing loans ratio to increase from 3.8% at end-March 2023 to about 4.5% at end-2023, as it expected the risk of repayments of loans under moratorium to materialize in the next 12-18 months. It added that high concentrations of loans to large borrowers and to single sectors exacerbate risks to asset quality, but it expected that the banks' ample loan-loss reserves, which reached 114% of problem loans at end-March 2023, will provide a buffer against loan losses. In parallel, it indicated that Omani banks have a high capitalization level, and expected solid earnings and good profit retention to keep the banks' capital metrics solid. It forecast the banks' tangible common equity at about 14% of risk-weighted assets in the next 12 to 18 months. Also, it pointed out that the sector's funding conditions are tight, as the loans-to-deposits ratio stood at 110% at end-March 2023. Further, it noted that the government's capacity to support banks has been improving, driven by the reduction in the public debt burden and improved debt affordability. It added that the government's willingness to support banks reflects its significant shareholding and deposits in several banks.

Source: Moody's Investors Service

QATAR

Effectiveness of AML/CFT framework improves

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated in its MENAFATF Mutual Evaluation Report on Qatar that the authorities have made substantive improvements to the effectiveness of country's AML/CFT system, and that its technical compliance with FATF requirements is very strong. It noted that the government has a good understanding of the money laundering and terrorist financing (ML/TF) risks that Qatar faces, but that it needs to improve its framework to include more complex forms of ML and TF. It added that Qatar has implemented a risk-based approach to the assessment of AML/CFT risks and the supervision of the financial sector, and that the risk-based supervision of the non-financial sector is improving. In addition, it said that the authorities have made positive and sustained progress in collecting beneficial ownership information for the country’s unified register, but pointed out the need to ensure that the information collected remains accurate and up-to-date. Also, it noted that the country's Financial Intelligence Unit is well-equipped, and that it accesses and analyses a wide range of information. But added that the sophisticated analysis capabilities are not used to their fullest extent to identify ML and TF activities, while the number of ML investigations and prosecutions remains low. Further, it indicated that Qatar has a robust framework to implement targeted financial sanctions related to TF, but urged authorities to focus more on the implementation of additional TF sanctions.

Source: Financial Action Task Force

ENERGY / COMMODITIES

Oil prices to average $79 p/b in second quarter of 2023

ICE Brent crude oil front-month prices reached $71.8 per barrel (p/b) on June 12, 2023, their lowest level since December 20, 2021, given the rising global supply and concerns about demand growth. However, oil prices increased to $75.7 p/b on June 15, 2023, due to high demand for crude oil from refineries in China. In parallel, the International Energy Agency (IEA) expected that oil demand from emerging markets (EMs), mainly from China, would more than offset lower demand from OECD economies and higher oil supply from non-OPEC+ countries in the near term. As such, it forecast the global oil market to post a deficit of 2.1 million barrels per day (b/d) in the second half of 2023. It projected global oil demand to increase by 2.4 million barrels per day (b/d) in 2023 to an average of 102.3 million b/d, as a result of higher demand from China, which would offset weaker industrial activity in OECD countries. It added that the non-OECD economies accounts for 90% of oil revenues this year. Also, it expected global oil supply to increase by 1.4 million b/d in 2023, mainly driven by higher production from the U.S. In addition, Goldman Sachs anticipated the global oil market to post a deficit of 1.3 million b/d in the second half of this year, due mainly to rising demand from EMs, which would outweigh the slowdown in oil supply from the U.S. and additional production cuts from the OPEC+ coalition. Also, it projected oil prices at $86 p/b by the end of 2023, due to solid demand for refined products, elevated oil consumption in EM economies, lower U.S. oil supply, and significant OPEC+ pricing power given the underinvestment by other producers. Further, it forecast oil prices to average $79 p/b in the second quarter and $82 p/b in the third quarter of 2023.
Source: IEA, Goldman Sachs, Refinitiv, Byblos Research

Algeria's crude oil production up 3.7% in February 2023

Crude oil production in Algeria totaled one million barrels per day (b/d) in February 2023, constituting an increase of 3.7% from 978,000 b/d in February 2022. Further, total crude oil exports from Algeria amounted to 366,000 barrels per day (b/d) in February 2023, representing a decrease of 4.2% from 382,000 b/d in February 2022.
Source: JODI, Byblos Research

OPEC's oil basket price down 10% in May 2023

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $75.82 per barrel (p/b) in May 2023, constituting a decrease of 10% from $84.13 p/b in April 2023. The price of Saudi Arabia's Arab Light was $77.7 p/b, followed by Kuwait Export at $77.4 p/b, and Angola's Girassol at $77.2 p/b. All prices in the OPEC basket posted monthly decreases of between $6.36 p/b and $10.31 p/b in May 2023.
Source: OPEC

MENA's crude oil exports up 2% in 2023

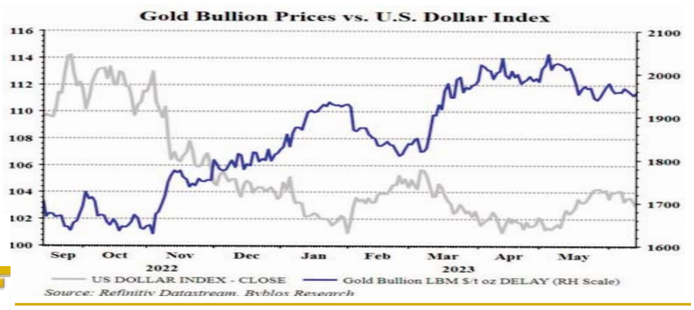
The International Monetary Fund anticipated crude oil exports from the Middle East & North Africa region to reach 20 million barrels per day (b/d) in 2023, which would constitute an increase of 2.1% from 19.59 million b/d in 2022. The GCC countries' oil exports would account for 69.3% of the region's oil exports this year. On a country basis, it projected Saudi Arabia's crude oil exports at 7.4 million b/d this year, or 37.2% of the region's oil exports, followed by Iraq at 3.9 million b/d (19.5%), and the UAE at 2.9 million b/d (14.5%).
Source: International Monetary Fund, Byblos Research

Base Metals: Lithium carbonate prices to average $25,000 per ton in second quarter of 2023

Lithium carbonate prices averaged $48,235.5 per ton in the first 23 weeks of 2023, constituting a drop of 29.6% from an average of $68,484.5 a ton in the same period last year. Also, lithium hydroxide prices averaged $53,722.5 per ton in the year-to-June 14, 2023 period, representing a decrease of 16.5% from an average of $64,346.7 a ton in the same period last year. The drop in the metal's price is due to higher production of lithium given the increase in demand for electric vehicles worldwide. In parallel, Citi Research expected the global demand for lithium to reach 932,886 tons in 2023 and to grow by 17% from 796,378 tons in 2022; while it forecast the global supply of lithium to rise by 30% from 718,448 tons in 2022 to 935,550 tons in 2023. As such, it anticipated the global lithium market to post a surplus of 2,664 tons this year. Further, it projected global demand for lithium to reach 1.201 million tons in 2024 and for global supply to stand at 1.204 million tons next year. However, it expected lithium carbonate prices to increase to $32,000 a ton and for lithium hydroxide to rise to $35,000 per ton in the next three months, driven by improved investor sentiment. In parallel, it projected lithium carbonate prices to average $25,000 per ton in the second quarter of 2023 and $35,000 a ton in the third quarter of the year.
Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,889 per ounce in second quarter of 2023

Gold prices averaged $1,933.8 per troy ounce in the first 23 weeks of 2023, constituting an increase of 3% from an average of $1,879.8 an ounce in the same period of 2022. The increase in prices was mainly due to accelerating inflation rates globally, which led to higher investment demand for gold and reinforced the appeal of the metal as a hedge against inflationary pressure. Further, prices regressed from a recent high of $2,047 per ounce on May 4, 2023, to $1,957.7 an ounce on June 14, 2023, driven mainly by a stronger U.S. dollar and the easing of supply chain restrictions around the world. In parallel, the World Gold Council said that the month of May marked the third consecutive month of net inflows across physically-backed gold exchange traded funds (ETFs). It noted that inflows into gold-backed ETFs reached 21.2 tons in North America in May 2023, followed by inflows of 0.1 tons in Asia, which offset outflows from gold-backed ETFs of 2.1 tons in Europe. As such, it pointed out that global net inflows into gold ETFs totaled 19.3 tons in May 2023. It indicated that the holdings of global gold-backed ETFs rose from 3,459 tons in April 2023 to 3,478.3 in May 2023. It also projected a possible decrease in global inflation rates in the near term to weigh on the metal's price outlook. In addition, S&P Global Market Intelligence forecast gold prices to average $1,888.6 per ounce in the second quarter and $1,889 an ounce in full year 2023.
Source: World Gold Council, S&P Global Market Intelligence, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
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	B3	B	B+								
	Negative	RfD**	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	Stable	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-	Ba2	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	5.25	14-Jun-23	No change	26-Jul-23
Eurozone	Refi Rate	4.00	15-Jun-23	Raised 25bps	27-Jul-23
UK	Bank Rate	4.50	11-May-23	Raised 25bps	22-Jun-23
Japan	O/N Call Rate	-0.10	16-Jun-23	No change	28-Jul-23
Australia	Cash Rate	4.10	06-Jun-23	Raised 25bps	04-Jul-23
New Zealand	Cash Rate	5.50	24-May-23	Raised 25bps	12-Jul-23
Switzerland	SNB Policy Rate	1.50	23-Mar-22	Raised 50bps	22-Jun-23
Canada	Overnight rate	4.75	07-Jun-23	Raised 25bps	12-Jul-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	22-May-23	No change	20-Jun-23
Hong Kong	Base Rate	5.50	15-Jun-23	No change	27-Jul-23
Taiwan	Discount Rate	1.875	15-Jun-23	Raised 12.5bps	21-Sep-23
South Korea	Base Rate	3.50	25-May-23	No change	13-Jul-23
Malaysia	O/N Policy Rate	3.00	03-May-23	Raised 25bps	06-Jul-23
Thailand	1D Repo	2.00	31-May-23	Raised 25bps	02-Aug-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	5.15	14-Jun-23	No change	26-Jul-23
Saudi Arabia	Repo Rate	5.75	14-Jun-23	No change	26-Jul-23
Egypt	Overnight Deposit	18.25	18-May-23	No change	22-Jun-23
Jordan	CBJ Main Rate	7.25	05-May-23	Raised 25bps	N/A
Türkiye	Repo Rate	8.50	25-May-23	No change	22-Jun-23
South Africa	Repo Rate	8.25	25-May-23	Raised 50bps	20-Jul-23
Kenya	Central Bank Rate	9.50	29-May-23	No change	N/A
Nigeria	Monetary Policy Rate	18.50	24-May-23	Raised 50bps	25-Jul-23
Ghana	Prime Rate	29.50	22-May-23	No change	24-Jul-23
Angola	Base Rate	17.00	19-May-23	No change	14-Jul-23
Mexico	Target Rate	11.25	18-May-23	No change	22-Jun-23
Brazil	Selic Rate	13.75	03-May-23	No change	21-Jun-23
Armenia	Refi Rate	10.50	13-Jun-23	Cut 25bps	01-Aug-23
Romania	Policy Rate	7.00	10-May-23	No change	05-Jul-23
Bulgaria	Base Interest	2.47	29-May-23	Raised 30bps	27-Jun-23
Kazakhstan	Repo Rate	16.75	26-May-23	No change	05-Jul-23
Ukraine	Discount Rate	25.00	15-Jun-23	No change	27-Jul-23
Russia	Refi Rate	7.50	09-Jun-23	No change	21-Jul-23

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