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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global trade up by 2% in first quarter of 2023

The United Nations Conference on Trade and Development (UNCTAD) estimated that global trade in goods and services increased by 2% in the first quarter of 2023 from the fourth quarter of 2022. Global trade in goods grew by $100bn, or by 1.9%, while trade in services rose by $50bn (+2.8%) in the covered period. Further, imports of goods and services to developing countries increased by 6% and imports to developed economies expanded by 7% in the first quarter of 2023 from the same quarter of 2022, while exports from developing economies and from developed countries picked up by 6% each in the covered period. Also, imports of goods and services to Oceania, Latin America & the Caribbean (LAC), and to Western & Southern Asia rose by 12% each in the first quarter of 2023 from the same period of 2022, followed by imports to Western Europe (+9%), Africa and North America (+7% each), and Eastern & South-Eastern Asia (+3%); while exports from Western & Southern Asia rose by 17% in the covered period, followed by exports from North America (+14%), Africa and LAC (+12% each), Oceania (+11%), Western Europe (+5%), and Western & Southern Asia (+2%). In contrast, imports to Eastern Europe & Central Asia declined by 8%, while exports from the region regressed by 2% in the covered period. Also, trade in energy products surged by 37% in the first quarter of 2023 from the same quarter last year, followed by trade in road vehicles (+9%), agri-food products and chemicals (+5% each), apparel and machinery (+3% each), and metals (+1%). In contrast, trade in communication equipment regressed by 21% year-on-year in the first quarter of 2023, followed by trade in office equipment (-12%), transport equipment (-11%), precision instruments and textiles (-7% each), minerals and pharmaceuticals (-6% each), and other manufacturing products (-4%). It considered that global trade slowed down in the second quarter of 2023 due to elevated inflation rates, financial vulnerabilities, the ongoing war in Ukraine, and high geopolitical tensions worldwide.

Source: UNCTAD

EMERGING MARKETS

Trading in Credit Default Swaps down 13% to $380bn in first quarter of 2023

Trading in emerging markets Credit Default Swaps (CDS) reached $380bn in the first quarter of 2023, constituting a decrease of 13% from $437bn in the same quarter of 2022 and a surge of 61% from $236bn in the fourth quarter of 2022. The most frequently traded sovereign CDS contracts in the first quarter of 2023 were those of South Africa at $49bn, followed by Türkiye at $41bn, and China at $25bn. As such, traded sovereign CDS contracts on South Africa accounted for about 13% of the trading volume in emerging markets CDS in the first quarter this year, followed by CDS contracts on Türkiye (10.8%), and China (6.6%). In addition, the most frequently traded corporate CDS contracts in the covered quarter were those of Mexico's state-oil company Pemex at about $2bn, which accounted for about 0.5% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 23 emerging economies and nine emerging market corporate issuers, from 12 major international banks and broker-dealers.

Source: EMTA

MENA

Stock markets up 2% in first half of 2023

Arab stock markets increased by 1.6% and Gulf Cooperation Council equity markets grew by 3.1% in the first half of 2023, relative to a decrease of 1% and an improvement of 1.7%, respectively, in the same period of 2022. In comparison, global stock markets increased by 12.1% and emerging market equities grew by 2.6% in the first half of 2023. Activity on the Beirut Stock Exchange, based on the official stock market index, surged by 58.4% in the first half of 2023; the Damascus Securities Exchange rose by 24.5%, the Egyptian Exchange appreciated by 21%, the Iraq Stock Exchange improved by 14%, and the Dubai Financial Market advanced by 13.7%. In addition, the Tunis Bourse gained 10.3%, the Saudi Stock Exchange yielded 9.4%, the Casablanca Stock Exchange increased by 8%, the Bahrain Bourse grew by 3.3%, and the Palestine Exchange improved by 2% in the covered period. In contrast, activity on the Abu Dhabi Securities Exchange declined by 6.5%, the Boursa Kuwait decreased by 6%, the Qatar Stock Exchange contracted by 5.7%, the Muscat Securities Market shrank by 1.8%, and the Amman Stock Exchange regressed by 1.4% in the first half of 2023.

Source: Local stock markets, Dow Jones Indices, Refinitiv

GCC

Fixed income maturities at $325bn in 2023-27 period

Figures released by KAMCO show that bonds and sukuk maturities for sovereign and corporate issuers in the Gulf Cooperation Countries (GCC) countries stand at $325.2bn in the 2023-27 period and consist of $25.3bn that are due in 2023, $81.8bn that mature in 2024, $73.9bn payable in 2025, $83bn due in 2026, and $61.2bn that mature in 2027. Sovereign and corporate bonds total $201.2bn, or 62%, of total fixed income maturities in the covered period, while sovereign and corporate sukuk represent $123.9bn, or 38% of the total. Also, sovereign maturities amount to $175.8bn and account for 54% of the total, while corporate bonds and sukuk maturities stand at $149.4bn or 46% of the total in the 2023-27 period. Saudi Arabia has $114.5bn in upcoming sovereign and corporate maturities, which represent 35.2% of total fixed income dues in the GCC in the next five years, followed by the UAE with $94.5bn (29%), Qatar with $60.8bn (18.7%), Oman with $21.2bn and Bahrain with $21.1bn (6.5% each), and Kuwait with $12.9bn (4%). Further, maturing bonds and sukuk in US dollars total $190.5bn, or 58.6% of aggregate maturities in the covered period, followed by dues in Saudi riyals with $59.3bn (18.2%), in Qatari riyals with $24.2bn (7.4%), in Euros with $12.1bn (3.7%), in the Chinese yuan with $8.1bn (2.5%), in Bahraini dinars with $7.9bn (2.4%), in Omani riyals with $7.3bn (2.2%), in Swiss francs with $4bn (1.2%), in UAE dirhams with $3.3bn (1%), and in British pounds with $2.7bn (0.8%), while maturities in other currencies amount to $5.9bn (1.8%). On a sectoral basis, banks and other financial services providers in the GCC have $106.4bn due in the next five years, which account for 32.7% of aggregate maturities, followed by firms in the energy sector with $17.7bn (5.4%), utilities with $8.2bn (2.5%), and consumer discretionary companies with $5.9bn (1.8%).

Source: KAMCO

OUTLOOK

UAE

Positive economic outlook contingent on sustained reforms

The International Monetary Fund (IMF) considered that the economic outlook of the United Arab Emirates is positive, supported in part by strong domestic activity. It projected real GDP growth at 3.6% in 2023 and 3.9% in 2024, with an average real non-hydrocarbon growth rate of 3.9% annually in the 2023-24 period, driven by sustained tourism activity and increased capital expenditures. It also forecast activity in the hydrocarbon sector to expand by 3% in 2023, relative to a growth rate of 11% in 2022, due mainly to the oil production cuts under the OPEC+ agreement. It considered that the authorities need to step up reforms that aim to boost trade and integration in global value chains, and to further attract foreign direct investments, as well as to support a smooth transition to alternative energy sources, in order to achieve higher medium-term growth rates.

In parallel, it expected the fiscal and current account surpluses to remain elevated in the near term, supported by lower but still elevated global oil prices. It projected the fiscal surplus at 5.3% of GDP in 2023 and 4.3% of GDP in 2024, and expected the surplus to average 3.8% of GDP in the medium term. It also forecast the adjusted non-hydrocarbon primary deficit at 20.4% of non-hydrocarbon GDP in the 2023-27 period, in case authorities step up revenue mobilization efforts, including the phased introduction of a corporate income tax starting in 2023. In addition, it expected the public debt level to decline from 29.8% of GDP at the end of 2023 to 26% of GDP by end-2026. It considered that the debt of non-bank state-owned government-related entities, which it estimates at about 25.3% of GDP at the end of 2022, will continue to weigh on the UAE's public debt burden. Further, it projected the current account surplus at 7% of GDP in 2024 and to average 6.9% of GDP in the medium term. It expected new energy cooperation agreements with Japan and the United Kingdom, among others, to boost the UAE's fuel and gas exports, and for non-hydrocarbon exports to increase in the medium term, supported by the trade agreement with India and other structural reforms. It forecast the gross foreign assets at the Central Bank of the UAE to rise from $131bn at end-2023 to $159.7bn at end-2027.

Source: International Monetary Fund

TÜRKIYE

Economic rebalancing to weigh on public finances

S&P Global Ratings projected Türkiye's real GDP growth to decelerate from 5.6% in 2022 to 2.7% in 2023 and 2.3% in 2024, due in part to lower domestic private consumption. It expected the authorities to tighten monetary policy cautiously and gradually in order to ensure financial stability. It also anticipated that the easing of foreign currency controls will increase demand for foreign currency in the corporate sector, which would put pressure on the Turkish lira. It also forecast the inflation rate to average 43.7% in 2023 and 34.6% in 2024, and anticipated it to return to single digits in the second half of 2026 at the earliest.

In parallel, it anticipated that public finances will significantly deteriorate in 2023, as it pointed out that lower consumption and inflation rates will result in weaker public revenues this year. It also anticipated that the Treasury's share of the cost of compensating depositors for the exchange rate depreciation will be close to 3% of GDP this year. As such, it projected the fiscal deficit to widen from 1.1% of GDP in 2022 to 5.2% of GDP in 2023 and to reach 3.6% of GDP in 2024. Also, it forecast the public debt level to increase from about 32% of GDP at the end of 2022 to 34% of GDP by end-2023, as it expected the impact of a 20% devaluation of the lira on the debt level to be mainly offset by a 25% increase in nominal GDP this year. It considered that the cost to the government of supporting the quasi-fiscal activities that take place at state banks, which control over 40% of the financial sector's assets, remains a key risk to the public debt level.

Further, it expected that Türkiye's external balance will improve in 2023, as a result of lower non-monetary gold imports, a narrower net deficit of the energy trade balance, and weaker domestic private consumption that would lead to lower demand for consumer durable imports during the second half of this year. As such, it projected the current account deficit to narrow from 5.4% of GDP in 2022 to 1.5% of GDP in 2023, despite lower external demand for the country's exports, and expected it to reach 1% of GDP in 2024. It forecast net foreign currency reserves at the Central Bank of the Republic of Türkiye's at $$44.5bn at end-2023 and at about $83bn by end-2026.

Source: S&P Global Ratings

EGYPT

Outlook contingent on speed of assets sales

Barclays Capital projected Egypt's real GDP growth rate to decelerate from 6.6% in the fiscal year that ended in June 2022 to 4.3% in FY2022/23. It considered that market sentiment towards Egypt's outlook has deteriorated considerably in recent months, as the International Monetary Fund (IMF) has highlighted the urgency for authorities to deliver on the $2bn sale of states assets as part of the IMF's pre-conditions to finalize the first review of the Extended Fund Facility (EFF) that will support the country's comprehensive program of economic policies and reforms. It anticipated that the authorities will complete the required privatization deals, but it did not expect the IMF's funding to be forthcoming in the near term. Still, it considered that pressures on the exchange rate would be less pronounced than they were in October 2022 and January 2023, in case Egypt does not receive substantial foreign currency inflows.

Further, it estimated Egypt's total external debt at 32.8% of GDP at the end of June 2023. It noted the sense of urgency for Egyptian authorities to mobilize foreign currency resources in light of the hampered access to international debt markets, given that the IMF-supported program has focused primarily on the sale of state assets to cover Egypt's external financing needs. It pointed out that, even if the government meets the IMF's target of $8.7bn in state-owned asset sales by the end of the program, it would still need to find nearly $4bn from other sources in order to fully repay its net loans to the IMF this year. It added that about $10.2bn in net repayments to the IMF are due in the next two fiscal years. It expected that the IMF's recent increase of the limits on members' annual and cumulative access to Fund resources in the General Resources Account should offer the country a window to expand the size of its loan in FY2024/25. However, it considered that pressure to revisit the size of the EFF would increase in case market sentiment remains weak.

Source: Barclays Capital

ECONOMY & TRADE

ARMENIA

Outlook on ratings revised to 'stable' on improved economic and fiscal metrics

Moody's Investors Service affirmed the long-term local and foreign currency issuer ratings of Armenia at 'Ba3', and revised the outlook from 'negative' to 'stable' on the long-term ratings. Also, it maintained the local and foreign currency country ceilings at 'Baa2' and 'Ba1', respectively. It indicated that the affirmation of the ratings balances Armenia's robust growth potential and moderately high institutions and governance strength, with the country's relatively small and middle-income economy, which constrains its capacity to absorb shocks. Further, it attributed the outlook revision to improved economic and fiscal metrics in 2022, amid a surge in income, capital and labor from Russia. It pointed out that the government's fiscal deficit narrowed from 4.5% of GDP in 2021 to 2.2% of GDP in 2022 due to higher public revenues, and expected it to stabilize at around 3% of GDP in the next two to three years. In addition, it noted that the debt level declined from 60.3% of GDP in 2021 to 46.7% of GDP in 2022, due in part to the appreciation of the dram against the US dollar by around 20% in 2022, as a large share of the government's debt is denominated in foreign currency. It expected the government's debt level to stabilize at around 45% of GDP in the next two to three years. In parallel, it said that it could downgrade the ratings in case of a significant deterioration in the country's economic and fiscal metrics, high inflation rates, and an escalation of tensions with Azerbaijan. In contrast, it could upgrade the ratings if productivity increases and if fiscal performance improves.

Source: Moody's Investors Service

ANGOLA

Outlook on ratings revised to 'stable' on weaker growth prospects and public finances

Fitch Ratings affirmed Angola's long-term local and foreign-currency issuer default ratings at 'B-', and revised the outlook on the ratings from 'stable' to 'positive'. It attributed the outlook revision to the country's weaker economic growth prospects, the expected higher inflation rates, and to the increase in the public debt level as a result of the sharp depreciation of the Angolan kwanza. It indicated that the significant shortages of foreign currency in the domestic market, due to the unexpected decline in oil production in the first quarter of 2023, lower global oil prices, and higher external amortizations in 2023, resulted in a 30% depreciation of the kwanza in the first three weeks of June 2023. It estimated the exchange rate of the kwanza to rise from AOA504 per US dollar at the end of 2022 to AOA760 per dollar at end-2023, and anticipated it to further depreciate in case of foreign currency shortages. Further, the agency considered that the ratings balance Angola's weak governance indicators, elevated inflation rates and one of the highest levels of commodity dependence among Fitch-rated sovereigns, with higher-than-peers international reserves and manageable debt repayment risks. In parallel, it indicated that it could downgrade the ratings in case of a significant depreciation of the real exchange rate, a sharp decline in oil prices, a substantial drop in foreign currency reserves, or a marked reversal in the authorities' fiscal policy stance that would lead to wider fiscal deficits and a higher public debt level.

Source: Fitch Ratings

PAKISTAN

IMF approves $3bn loan, stresses timely implementation of reforms program

The International Monetary Fund indicated that the Pakistani economy has stalled recently as a result of several external shocks, such as the floods in the country in 2022, elevated global commodity prices, and limited foreign currency reserves. It added that the reserves declined to very low levels despite the authorities' efforts to reduce imports and narrow the trade deficit, and that liquidity conditions in the power sector remain under pressure. It noted that the parliament enacted the budget for the fiscal year that ends in June 2024 in line with the goals of supporting fiscal sustainability and mobilizing revenues. It pointed out that the FY2023/24 budget projects a primary surplus of around 0.4% of GDP by broadening the tax base and increasing tax collection from undertaxed sectors. In addition, it urged the State Bank of Pakistan to reduce the inflation rate, and to maintain a foreign exchange framework that does not have restrictions on payments and transfers for current international transactions. It indicated that the government is planning to strengthen the viability of the energy sector, improve the governance of state-owned enterprises, and improve the public investment management framework. In parallel, the IMF announced that it has reached a Staff-Level Agreement with Pakistani authorities on a $3bn Stand-By Arrangement, which will constitute a policy anchor, support the authorities' immediate efforts to stabilize the economy from recent external shocks, preserve macroeconomic stability, provide a framework for financing from official sources, and create space for social and development spending. It stressed that the full and timely implementation of the authorities' program will be critical for its success in light of the prevailing challenges, including through greater fiscal discipline and a market determined exchange rate to absorb external pressures.

Source: International Monetary Fund

DEM REP CONGO

Real GDP growth projected at 6.8% in 2023

The International Monetary Fund estimated real GDP growth in the Democratic Republic of the Congo at 8.9% in 2022, mainly due to stronger-than-expected mining production. It projected real GDP to grow by 6.8% in 2023, despite the elevated uncertainties amid the escalation of the armed conflict in the east of the country, the upcoming elections at the end of 2023, and adverse terms-of-trade shocks. It noted that the inflation rate was 13% by end-2022, driven by higher spending and the depreciation of the local currency, although import prices declined. Further, it expected the fiscal deficit to narrow from 1.2% of GDP in 2022 to 0.5% of GDP in 2023, despite lower revenues and higher exceptional spending. In addition, it estimated the current account deficit at 5.3% of GDP in 2022 and projected it at 5.5% of GDP in 2023. Also, it indicated that gross foreign currency reserves reached $4.5bn, or 2 months of import coverage at end-2022 and forecast them to cover 2.5 months of imports at end-2023. In parallel, it said that the implementation of reforms to strengthen the rule of law and the judiciary system, to curb corruption, and to raise transparency in the mining sector and public finances, are critical to improve the business climate for private investments and economic diversification.

Source: International Monetary Fund

BANKING

JORDAN

Amman nearly completes AML/CFT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that, in October 2021, Jordan made a high-level political commitment to work with the FATF and its regional body MENAFATF to strengthen the effectiveness of its AML/CFT regime. As such, the FATF said at its June 2023 plenary session that Jordan has substantially completed its AML/CFT action plan ahead of the agreed timeline and that this warrants an on-site assessment to verify that the implementation of the AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to continue these reforms in the future. Further, it noted that the Jordanian authorities completed and disseminated the ML/TF risk assessments of legal persons and virtual assets, and conducted inspections of reporting entities, including financial institutions and Designated Non-Financial Business and Professions. It pointed out that the authorities implemented a sanctions mechanism for violations of the transparency obligations related to legal persons and arrangements, and applied effective, proportionate and dissuasive sanctions in case of non-compliance. It added that the authorities pursued money laundering investigations and prosecutions for predicate offences in line with the country's risk profile. Also, it stated that the authorities applied effective, proportionate and dissuasive sanctions in ML cases; implemented a legal and institutional framework for Targeted Financial Sanctions (TFS); and demonstrated that they assess TFS compliance and rectify TFS deficiencies.

Source: Financial Action Task Force

BAHRAIN

Agency affirms ratings on six banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Gulf International Bank (GIB) at 'BBB+', the ratings of the Arab Banking Corporation (ABC) and Ahli United Bank (AUB) at 'BB+', the IDRs of the Bank of Bahrain & Kuwait (BBK) and the National Bank of Bahrain (NBB) at 'B+', and the rating of Bahrain-based GFH Financial Group at 'B'. It maintained the 'stable' outlook on the IDRs of all the banks. Also, it upgraded the Viability Rating (VR) of GIB from 'bb+' to 'bbb-', and affirmed the VRs of ABC at 'bb+', the VR of AUB at 'bb', and the ratings of BBK and NBB at 'b+'. It indicated that the upgrade of the VR of GIB reflects the bank's stronger business profile, improved and stable asset quality in the past two years, and solid capital buffers. Further, it said that the ratings of GIB, ABD, AUB, BBK and NBB are supported by their healthy asset quality and comfortable liquidity. It added that GIB, ABD, BBK and NBB benefit from stable funding profiles. It pointed out that the ratings of GIB, ABD, AUB and BBK are underpinned by their adequate capitalization, while the rating of NBB takes into account the bank's moderate capital buffer. It noted that the ratings of BBK and NBB reflect their improving profitability, the VR of AUB is supported by the bank's sound profitability, while the rating of ABC is constrained by its weak profit ratios. In addition, it indicated that the ratings of GFH Financial Group balance the Islamic bank's adequate capitalization, stable funding and liquidity, with its modest profitability.

Source: Fitch Ratings

ARMENIA

Agency take rating actions on five banks

Moody's Investors Service upgraded the long-term local and foreign-currency deposit ratings of Inecobank from 'B1' to 'Ba3', and affirmed the ratings of Ameriabank and Ardshinbank at 'Ba3', the ratings of Converse Bank at 'B1', and the ratings of Unibank at 'B2'. Also, it upgraded the baseline credit assessments (BCA) of Ameriabank, Ardshinbank, and Inecobank from 'b1' to 'ba3' and the BCA of Converse Bank from 'b2' to 'b1', while it affirmed the BCA of Unibank at 'b3'. Further, it revised the outlook from 'negative' to 'stable' on the ratings of Ameriabank, Ardshinbank and Converse Bank, and maintained the 'stable' outlook on the ratings of Inecobank and Unibank. It attributed the outlook revision to its similar action on the outlook of the Armenia's sovereign ratings due to the improved creditworthiness of the government, which, in turn, would increase the ability of the authorities to support local banks, in case of need. Further, it indicated that Armenian banks have benefitted from the substantial improvement in their operating environment in 2022, which enabled them to increase their liquidity ratios, improve their loss absorption capacity, strengthen their asset quality, and significantly increase their profitability. It pointed out that higher foreign currency gains due to significant cross-border transactions increased the revenues of Armenian banks, which raised the provisioning coverage of non-performing loans. However, it expected the banks' profitability to moderate in the next 12 to 18 months, but noted that the banks' solvency and liquidity metrics will remain robust.

Source: Moody's Investors Service

NIGERIA

Agency takes rating actions on 11 banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of Access Bank, Fidelity Bank, First Bank of Nigeria, Guaranty Trust Bank, United Bank for Africa, Union Bank of Nigeria, Stanbic IBTC Bank, and Zenith Bank at 'B-', and maintained the 'stable' outlook on the banks' IDRs. It attributed its decision to the stability and compliance of the eight banks with their respective regulatory minimum requirements for their capital adequacy ratios (CARs), despite the severe depreciation of the Nigerian naira, as it considered that the banks have sufficient buffers and pre-impairment profits to mitigate for the prevalent high economic risks on asset quality. It said that its assessment of asset quality takes into account the banks' small loan books, their large cash reserves at the Central Bank of Nigeria, and their substantial holding of sovereign fixed-income securities. However, it expected the banks' impaired loans ratios to increase in the near term at a faster pace, following the depreciation of the naira and the lifting of fuel subsidies, which would put pressure on the ability of borrowers to repay their loans. It pointed out that the direct impact of the recent currency depreciation on capital ratios will be manageable, which will lead to gains from revaluation and help cushion the impact of inflated risk-weighted assets on the ratios. In parallel, the agency placed the ratings of Ecobank Transnational Incorporated, Ecobank Nigeria, and First City Monument Bank on Rating Watch Negative, following the sharp depreciation of the naira. It said that its decision reflects the decline of the banks' CARs below the required level.

Source: Fitch Ratings

Oil prices to average $81.4 p/b in third quarter of 2023

ICE Brent crude oil front-month prices averaged $80 per barrel (p/b) in the first half of 2023, constituting a drop of 23.8% from $105 p/b in the same period of 2022, due mainly to monetary policy tightening by major central banks and growing concerns about the global economic outlook. Also, oil prices reached a two-week high of $76.7 p/b on July 5, after the Minister of Energy of Saudi Arabia said that the OPEC+ coalition would do "whatever necessary" to support oil markets. In parallel, S&P Global Market Intelligence indicated that Russia and Saudi Arabia announced on July 3 that they will extend oil production cuts in order to support oil prices. It considered that the promises from the OPEC+ coalition to limit global supply may at best prevent oil prices from falling much further, rather than actually boosting prices. It noted that oil producers have less control over the global crude market than they would like, as the announcement of further cuts in production did not put significant upward pressure on oil prices. In addition, the International Energy Agency (IEA) pointed out that the broad slowdown in production capacity largely reflects the global shift towards cleaner energy, as well as a corresponding weaker outlook on demand. It noted that the decrease in oil output creates a spare capacity cushion of an average 4.1 million barrels per day that is concentrated in Saudi Arabia and the United Arab Emirates, which should help ensure that the global markets are adequately supplied throughout the medium term. Moreover, S&P Global Market Intelligence projected oil prices to average $81.4 p/b in the third quarter and $83.8 p/b in the fourth quarter of 2023.
Source: S&P Global Market Intelligence, IEA, Ministry of Energy of Saudi Arabia, Byblos Research

Angola's oil export receipts up 12% to $1.4bn in April 2023

Oil exports from Angola reached 28.9 million barrels in April 2023, constituting decreases of 585,360 barrels (-2%) from 29.4 million barrels in March 2023 and of 6.6 million barrels (-18.6%) from 35.5 million barrels in the same month in 2022. The country's oil export receipts totaled KZ683bn, or $1.4bn, in April 2023 and increased by 52.2% from KZ448.7bn ($879.3m) in March 2023 and by 12.4% from KZ607.5bn ($1.2bn) in April 2022.
Source: Ministry of Finance of Angola

ME&A's oil demand to expand by 4.5% in 2023

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 13.26 million barrels per day (b/d) in 2023, which would constitute a rise of 4.5% from 12.69 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

MENA's oil production to grow by 1% in 2023

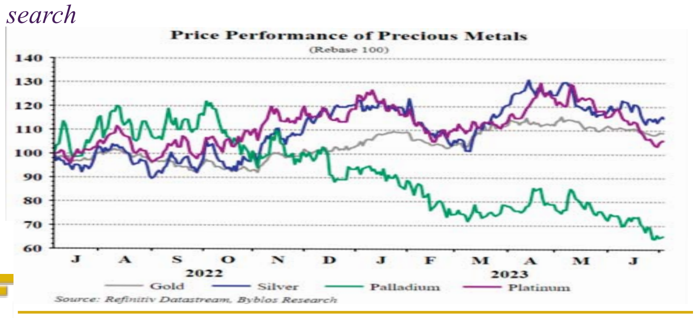
The International Monetary Fund projected oil production in the MENA region to average 27.4 million barrels per day (b/d) in 2023, which would constitute an increase of 0.7% from 27.2 million b/d in 2022. Oil production in the Gulf Cooperation Council countries would account for 65.6% of the region's oil output this year. On a country basis, Saudi Arabia's oil production is projected at 10.5 million b/d in 2023, equivalent to 38.2% of the region's oil output, followed by Iraq at 4.6 million b/d (17%), and the UAE at 3 million b/d (11%).
Source: International Monetary Fund, Byblos Research

Base Metals: Copper prices to average $7,745 per ton in third quarter of 2023

LME copper cash prices averaged $8,700.7 per ton in the first half of 2023, constituting a decline of 11% from an average of $9,762.8 a ton in the same period last year. The decrease in prices was due mainly to the tightening of global monetary policy and a stronger US dollar. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 8.6 million tons in the first four months of 2023, constituting an increase of 3% from 8.35 million tons in the same period of 2022 due to a growth of 7% in Chinese demand, given that China is the world's largest consumer of the metal, which offset the 2% decline in demand for refined copper from the European Union, Japan, and the United States. Also, it noted that global refined copper production reached 9 million tons in the first four months of 2023, representing a rise of 8% from 8.3 million tons in the same period of 2022, as higher output from China, the Democratic Republic of the Congo, Japan, and the U.S. was partially offset by lower production in Chile. It added that mine production accounted for 79% of the aggregate output of refined copper in the covered period, relative to 83.3% in the first four months of 2022. As such, it pointed out that the global copper market posted a surplus of 384,000 tons in the first four months of 2023. In addition, S&P Global Market Intelligence projected copper prices to average $7,745 per ton in the third quarter and $8,001 a ton in the fourth quarter of 2023.
Source: ICSG, S&P Global Market Intelligence, Refinitiv

Precious Metals: Gold prices to average $1,927 per ounce in third quarter 2023

Gold prices averaged $1,933.4 per troy ounce in the first half of 2023, constituting an increase of 3.1% from an average of $1,875 an ounce in the same period of 2022. The increase in prices was mainly due to higher demand for gold, as well as to the increase in inflows into gold-backed exchange traded funds in recent months. Further, prices regressed from a recent high of $2,047 per ounce on May 4, 2023 to a three-month low of $1,910 an ounce on June 28, 2023, driven by a rise in real U.S. yields as the U.S. Federal Reserve signaled possible additional two interest rate hikes in 2023. Also, S&P Global Market Intelligence attributed the recent decline in the price of gold to weaker sentiment of speculative investors in the U.S. futures markets which led to lower future gold contracts, as well as to a reduced demand for gold bullions from central banks worldwide. Further, it anticipated that strong real yields and uncertainties about the outcome of the next meeting of the U.S. Federal Reserves in July 2023 to provide headwinds for gold prices in the third quarter of this year. As such, it forecast gold prices to decline from an average of $1,977.6 per ounce in the second quarter of 2023 to $1,927 an ounce in the third quarter, and for prices to average $1,931 per ounce in the second half of the year and $1,932 per ounce in full year 2023.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Positive	B- Stable	- -	-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	Ba2 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+	Ba3	B+	B+								
	Positive	Stable	Positive	Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-								
	Stable	Stable	Stable	-	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-								
	Stable	Negative	Negative	-	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-								
	Stable	Positive	Stable	-	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	CCC+	Caa3	CCC-	-								
	Stable	Stable	-	-	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Stable	Stable	Stable	-	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-								
	Negative	Negative	Negative	-	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C	Ca	C	-								
	CWN***	Negative	-	-	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B	B2	B	B+								
	Negative	Negative	Negative	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B-	B3	CCC	-								
	CWN	RfD	-	-	-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	5.00	22-Jun-23	Raised 50bps	03-Aug-23
Japan	O/N Call Rate	-0.10	16-Jun-23	No change	28-Jul-23
Australia	Cash Rate	4.10	04-Jul-23	No change	01-Aug-23
New Zealand	Cash Rate	5.50	24-May-23	Raised 25bps	12-Jul-23
Switzerland	SNB Policy Rate	1.75	22-Jun-23	Raised 25bps	21-Sep-23
Canada	Overnight rate	4.75	07-Jun-23	Raised 25bps	12-Jul-23
Emerging Markets					
China	One-year Loan Prime Rate	3.55	20-Jun-23	Cut 10bps	20-Jul-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	06-Jul-23	No change	07-Sep-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	22-Jun-23	No change	03-Aug-23
Jordan	CBJ Main Rate	7.25	05-May-23	Raised 25bps	N/A
Türkiye	Repo Rate	15.00	22-Jun-23	Raised 650bps	20-Jul-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	22-Jun-23	No change	10-Aug-23
Brazil	Selic Rate	13.75	21-Jun-23	No change	N/A
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	2.77	27-Jun-23	Raised 30bps	26-Jul-23
Kazakhstan	Repo Rate	16.75	05-Jun-23	No change	25-Aug-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

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