750 ISSUES+
Issue 776 | September 21, 2023

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt equivalent to 336% of GDP at end-June 2023

The Institute of International Finance indicated that global debt, which includes the debt of governments, of corporates and of households, reached $307.1 trillion (tn) at the end of June 2023, constituting an increase of $9.9tn, or 3.3%, from $297.2tn at end-June 2022. The debt of advanced economies accounted for 67.4%, while the debt of emerging markets (EM) represented 32.6% of the total. It noted that the aggregate debt level reached 336% of global GDP at end-June 2023 compared 341.6% of global GDP at end-June 2022. The IIF calculated the debt-to-GDP figures based on a weighted average GDP of advanced economies and EMs. It added that the debt of advanced economies reached $207tn or 385% of GDP, while the debt level of EMs totaled $100tn or 253.7% of GDP at the end of June 2023. It pointed out that the aggregate debt of corporates excluding financial institutions reached $90.2tn, or 94.7% of global GDP, at the end of June 2023, followed by government debt with $87.3tn (97.2% of GDP), financial sector indebtedness with $71.9tn (82.1% of GDP), and household debt with $57.7tn (62% of GDP). In parallel, it indicated that EM corporate debt excluding financial institutions totaled $41.4tn or 103.7% of GDP at end-June 2023, followed by EM government borrowing at $26.3tn (66.7% of GDP), EM household debt at $18.4tn (46.9% of GDP), and financial sector indebtedness at $14.1tn (36.4% of GDP). Also, it noted that the borrowing of governments in advanced economies amounted to $61.1tn or 115.5% of GDP at end-June 2023, followed by financial sector indebtedness at $57.8tn (109.4% of GDP), corporate debt excluding financial institutions at $48.8tn (89.4% of GDP), and household debt at $39.4tn (71% of GDP).

Source: Institute of International Finance

International tourist arrivals up 43% to 698 million in first seven months of 2023

Figures released by the United Nations World Tourism Organization show that international tourist arrivals reached 698.1 million in the first seven months of 2023, constituting a surge of 43% from 488.6 million global tourist arrivals in the same period of 2022 and a decrease of 15.6% from 827.5 million visitors in the first seven months of 2019. On a regional basis, the number of tourist arrivals to Europe stood at 375.1 million in the first seven months of 2023 and accounted for 53.7% of total arrivals, followed by Asia & the Pacific with 128.7 million (18.4% of the total), the Americas with 111.8 million (16%), the Middle East with 52.7 million (7.5%), and Africa with 29.9 million (4.3%). In addition, the number of tourist arrivals to the Asia & Pacific region increased by 241% in the first seven months of 2023 from the same period of 2022, followed by a rise of 56.7% in arrivals to Africa, to the Middle East (+41.5%), to the Americas (+34.8%), and to Europe (+20.3%). In parallel, tourist arrivals to the Middle East increased by 20.3% in the first seven months of 2023 from the same period of 2019, while tourist arrivals to the Asia & Pacific region dropped by 39.3%, followed by a decrease of 12.7% in arrivals to the Americas, to Europe (-8.8%), and to Africa (-8.4%).

Source: World Tourism Organization, Byblos Research

Greenfield FDI in tourism sector at $175bn in 2018-22 period

Figures released by fDi Markets show that global greenfield foreign direct investments (FDI) in the tourism sector amounted to $175.4bn between 2018 and 2022. The distribution of these investments indicates that they totaled $74.5bn in 2018, $60.9bn in 2019, $18.2bn in 2020, $11.6bn in 2021, and $10.2bn in 2022. Further, the Asia-Pacific region attracted $65.1bn in greenfield FDI in tourism and accounted for 37% of the total in the 2018-22 period, followed by Europe with $51.1bn (29%), Latin America & the Caribbean with $27.9bn (16%), the Middle East & Africa region with $20.9bn (12%), and North America with $10.4bn (6%). Also, there were 2,415 greenfield FDI projects in the tourism sector between 2018 and 2022 worldwide. Europe was the recipient of 1,004 projects in the covered period and accounted for 41.6% of the total, followed by the Asia-Pacific region with 517 projects (21.4%), Latin America & the Caribbean with 340 projects (14%), the Middle East & Africa region with 322 projects (13.3%), and North America with 232 projects (9.6%). In parallel, greenfield FDI in tourism led to the creation of more than 388,000 jobs between 2018 and 2022. The distribution of new jobs shows that Latin America & the Caribbean generated more than 112,300 jobs between 2018 and 2022 and accounted for 29% of the total, followed by 105,600 new jobs in the Asia-Pacific region (27.2%), 102,000 jobs in Europe (26.3%), 47,900 in the Middle East & Africa region (12.3%), and 19,600 in North America (5.1%).

Source: fDi Markets, Byblos Research

SAUDI ARABIA

Profits of listed firms down 29% to $78.2bn in first half of 2023

The cumulative net income of 202 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR293.2bn, or $78.2bn in the first half of 2023, constituting a decrease of 28.8% from SAR412bn ($109.8bn) in the first half of 2022. Earnings stood at $38.9bn in the first quarter and at $38.6bn in the second quarter of 2023. Listed energy firms generated net profits of $60.2bn and accounted for 77% of total earnings in the first half of 2023. Listed banks followed with $9.2bn in net income (11.8%), then telecommunications firms with $2.1bn (2.7%), utilities providers with $1.5bn (2%), materials firms with $1.5bn (1.9%), and firms in the food & beverage sector with $572m (0.7%); while listed companies in other sectors registered net profits of $4.8bn (6.2%). In parallel, the net earnings of listed transportation firms surged by 217.7% annually in the first half of 2023, followed by pharma, biotech & life sciences firms (+208%), real estate management & development firms (+207%), consumer services providers (+61.6%), software and services companies (+38.4%), commercial & professional services providers (+22%), and healthcare and equipment services (+21%). In contrast, the net income of diversified financials providers dropped by 88.6% in the covered period, followed by the profits of materials firms (-83.5%), utilities companies (-30.5%), and the energy sector (-29.2%). The results of insurers shifted from net losses of $40.5m in the first half of 2022 to net profits of $478.8m in the same period this year, while consumer durables & apparel companies shifted from net profits of $6.4m to net losses of $5.4m in the first half of 2023.

Source: KAMCO, Byblos Research

OUTLOOK

WORLD

Real GDP growth to average 2.8% in 2023-24 period

The Organization for Economic Cooperation and Development (OECD) projected global real GDP growth to decelerate from 3.3% in 2022 to 2.7% in 2023, the lowest annual growth rate since the 2007-08 global financial crisis, with the exception of the pandemic-hit year of 2020. Also, it forecast real GDP growth at 1.6% in the U.S., at 0.9% in the Euro area, and at 2.8% in the Group of 20 economies in 2023, while it projected economic activity in OECD countries to expand by 1.4% this year. In addition, it forecast the global real GDP growth rate to recover to 2.9% in 2024, which it still considered to be weak by historical standards. It anticipated that weaker-than-expected economic growth in China could weigh on economic activity in 2023 and 2024.

In parallel, it expected the slowdown in global economic growth, tighter monetary policy and declining global energy prices to reduce inflationary pressures in 2023. As such, it projected the average inflation rate to decline from 9.9% in 2022 to 6.6% in 2023 and 4.3% in 2024 in OECD countries, and for it to be close to target and reach about 2.3% in major advanced economies by the fourth quarter of 2024.

Further, the OECD considered that there are significant uncertainties to the outlook. It noted that inflationary pressures could prove to be stronger-than-expected, which could prompt authorities worldwide to raise interest rates and result in weaker growth prospects. It anticipated the war in Ukraine and the associated risks of renewed disruptions in global energy and food markets to further weigh on the outlook. Further, it expected that tighter-than-expected global financing conditions could intensify vulnerabilities in emerging market economies, which would raise the latter's debt servicing costs and accelerate capital outflows.
Source: OECD

IRAQ

Economic outlook dependent on oil sector developments

The World Bank considered that Iraq's economic outlook is contingent on the performance of the oil sector, given the high reliance of the economy on hydrocarbons. It projected Iraq's real GDP to contract by 1.1% in 2023, due mainly to a 4.4% decline in oil output as a result of the oil production cuts under the OPEC+ agreement, which would be partly offset by a 4% growth in real non-oil GDP given the authorities' large fiscal expansion. It anticipated economic activity to rebound and to grow by about 4.9% annually in the 2024-25 period, as oil production steadily increases and recovers to its 2022 peak by mid-2024, and as it expands afterwards in line with a gradual increase in production capacity. It expected that limited linkages between the oil and non-oil sectors and the wide footprint of the public sector in the economy will maintain an underdeveloped and largely informal private sector. It also considered that the low appetite for reforms amid elevated global oil prices and Iraq's modest non-oil growth potential will constrain long-term economic growth prospects.

In parallel, it anticipated that higher public expenditures and imports will weigh on Iraq's fiscal and current account balances. It expected that the revaluation of the dinar will result in lower dinar-denominated oil receipts, and for public spending to increase significantly in line with the expansionary budget for 2023. It projected the fiscal balance to shift from a surplus of 11.7% of GDP in 2022 to deficits of 3.1% of GDP in 2023 and 1.3% of GDP in 2024. It anticipated that increasing fiscal pressures will lead to a higher public debt level and forecast the latter at 44.6% of GDP at the end of 2023 and 43.2% of GDP by end-2024. Further, it projected the current account surplus to decline from 20.7% of GDP in 2022 to about 1.9% annually in the 2023-25 period, in case oil prices average $80.2 per barrel in the same timeframe, and if higher public expenditures and a stronger Iraqi dinar result in a surge in imports and undermine the country's competitiveness. As a result, it forecast foreign currency reserves at the Central Bank of Iraq to decline from $89bn at the end of 2022 to $63bn at end-2023 and to reach $11.2bn by end-2025.

In parallel, it indicated that downside risks to Iraq's economic outlook include the volatility in oil prices and lower oil production, a further weakening of global oil demand, heightened insecurity and political instability, and renewed inflationary pressures from the ongoing conflict in Ukraine and the resulting surge in global commodity prices.
Source: World Bank

PAKISTAN

Outlook contingent on securing external financial support

S&P Global Ratings projected Pakistan's real GDP to grow by 3% in the fiscal year that ends in June 2024 following a modest expansion of 0.3% in FY2022/23, amid tight domestic monetary policy and elevated inflation rates. It considered that the economy is still recovering from the impact of the severe floods that took place in 2022 and the materialization of significant external imbalances. It also forecast real GDP growth at about 3.3% annually in the medium term. Also, it expected inflationary pressures to remain elevated in the second half of 2023 and to start moderating in 2024, as the pass-through effect of the depreciation of the exchange rate recedes and tight monetary conditions curb demand.

In parallel, the agency anticipated that Pakistan's fiscal and external positions will face continued pressure from elevated inflation and interest rates, as well as from difficult market conditions. It projected a wide fiscal deficit of 7.5% of GDP in FY2023/24 amid weak public revenues as a result of subdued economic growth, and despite the authorities' efforts to contain public expenditures. It anticipated that elevated debt servicing costs relative to public revenues will continue to weigh on the country's debt profile, and forecast the public debt level at about 72.6% of GDP in the FY2022/23-FY2025/26 period. Further, it projected the current account deficit at 1.3% of GDP in FY2023/24, and considered that Pakistan's external balance is vulnerable to the volatility of global energy and food prices. It also forecast foreign currency reserves to average about $9bn annually in the next three years. Further, it anticipated that the country's gross external financing needs and its net external debt will remain at critical levels over the next two years, which reflects Pakistan's weak external balance sheet and persistent liquidity shortages. As such, it stressed the importance of the government receiving sustained foreign support and of rolling over the existing credit facilities.
Source: S&P Global Ratings

GCC

Agencies take rating actions on sovereigns

S&P Global Ratings affirmed Saudi Arabia's short- and long-term foreign- and local-currency sovereign credit ratings at 'A-1/A', and maintained the 'stable' outlook on the long-term ratings. It said that the ratings are supported by the Kingdom's sustained reforms momentum in recent years, which include a widening of the non-oil tax base, significant social liberalization, as well as measures to foster non-oil economic growth. It noted that the outlook balances the agency's expectation that the government's reforms agenda will continue to support the development of the non-oil sector and fiscal receipts, against the cyclicality of a still hydrocarbon-focused economy, with fiscal and societal pressures related to a growing population. In addition, Fitch Ratings affirmed Kuwait's long-term foreign and local currency issuer default ratings at 'AA-', and maintained the 'stable' outlook on the ratings. It indicated that the ratings balance the country's exceptionally strong fiscal and external balance sheets against a political context that makes fiscal consolidation and other reforms difficult. It pointed out that fiscal and structural challenges originating from the heavy dependence on the oil sector, a large public sector, and low governance indicators constrain the ratings. In parallel, Capital Intelligence Ratings affirmed Oman's short- and long-term foreign and local currency sovereign ratings at 'B' and 'BB', respectively, and maintained the 'positive' outlook on the long-term ratings. It attributed its decision to the significant decline in the gross public debt level and its expectation that fiscal and external balances will remain in surplus in the near term.
Source: S&P Global Ratings, Fitch Ratings, Capital Intelligence Ratings

TÜRKIYE

Outlook on ratings revised to 'stable' on easing macro-financial risks

Fitch Ratings affirmed Türkiye's short- and long-term local and foreign currency issuer default ratings (IDRs) at 'B', and revised the outlook on the long-term ratings from 'negative' to 'stable'. Also, it affirmed the Country Ceiling at 'B'. It attributed the outlook revision to the return to a more conventional and consistent policy mix that would reduce the near-term macro-financial stability risks and ease pressures on the balance of payments. It indicated that the ratings take into account political interference in the Central Bank of the Republic of Türkiye, high inflation rates, weak external buffers relative to elevated external financing needs, and the high dollarization rate of deposits. But it noted that Türkiye's low public debt level relative to its peers, a record of external market access and a manageable debt repayment profile support the ratings. Further, it forecast the current account deficit to remain wide at 4.7% of GDP in 2023, but to narrow to 2.9% of GDP in 2024 driven by a deceleration in real GDP growth and an improvement of external demand. However, it said that the total external debt that will mature in the next 12 months would leave the country vulnerable to changes in investor sentiment. In parallel, the agency noted that it could downgrade the ratings in case of a return to an unconventional policy mix or an incomplete policy rebalancing that would increase macroeconomic and financial stability risks, or in case pressures on the balance of payments increase.
Source: Fitch Ratings

ETHIOPIA

Sovereign ratings downgraded on increased probability of default

Moody's Investors Service downgraded Ethiopia's foreign-currency long-term issuer and senior unsecured ratings from 'Caa2' to 'Caa3', and affirmed the country's local-currency long-term issuer rating at 'Caa2'. Also, it revised the outlook on the ratings from 'negative' to 'stable'. It attributed the downgrade to the high likelihood of the government defaulting on the foreign currency-denominated debt it owes to the private sector due to strained external liquidity. It said that the government is planning to improve the country's external position by seeking debt relief under the Group of 20 Common Framework for debt treatment. Further, it noted that the affirmation of the local-currency rating reflects the agency's expectation that local-currency debt will not be part of the debt relief exercise. It pointed out that the recent resolution of the Tigray war paves the way for an agreement on a funding program with the International Monetary Fund (IMF) and renewed sizable official support, which would limit the losses to private sector creditors. It added that a default could result in higher losses for private sector creditors. It said that the government's already limited liquidity situation will deteriorate further in case of delays in reaching an agreement with the IMF and negotiating liquidity relief. Further, it pointed out that Ethiopia's official foreign currency reserves stood at $1.1bn at end-June 2023 and covered one month of imports. It indicated that the servicing of the government's and of government-guaranteed external debt in the fiscal year ending in June 2024 is twice as large as the reserves, and will become even larger in the following fiscal year given the $1bn Eurobond that will mature in December 2024.
Source: Moody's Investors Service

TUNISIA

Budget surplus masks public finance imbalances

Fitch Ratings indicated that Tunisia's budget posted a surplus of about 0.4% of GDP in the first half of 2023, due mainly to lower-than-expected public spending that reached only 38% of the full-year budgeted level. It also noted that outlays on subsidies and transfers were 27% of the annual amount budgeted in the first half of this year, and anticipated that energy and food subsidy costs will remain elevated at about 6% of GDP in 2023. It added that the government has yet to make payments to state-owned enterprises (SOEs) that are involved in importing subsidized products amid the liquidity constraints that it is facing. As such, it projected the fiscal deficit to narrow from 6.9% of GDP in 2022 to 5.8% of GDP in 2023, given the authorities' efforts to contain the public-sector wage bill and their commitment to tax reforms. In parallel, the agency indicated that the government's financing plan targets about $5.5bn, or 10% of GDP, in external financing in 2023, but that the authorities have mobilized about $865m of this amount as of June 2023. It considered that the outstanding financing will be contingent on the country securing a program with the International Monetary Fund (IMF), which would unlock further external financing and facilitate the fulfilment of delayed payments to SOEs. But it anticipated the domestic financial sector to struggle to cover the wide financing gap in case authorities do not secure funding from the IMF, which could lead the government to seek direct financing from the Central Bank of Tunisia.
Source: Fitch Ratings

BANKING

WORLD

Risk-adjusted capital ratio of top 200 banks projected at 9.78% at end-2024

S&P Global Ratings expected the risk-adjusted capital (RAC) ratio of the world's top 200 rated banks to regress slightly from 9.74% at the end of 2022 to 9.71% at end-2024, after it reached 9.78% at end-2021 during the COVID-19 pandemic. It indicated that the banks' capital proved resilient to the fallout from the pandemic, driven by strengthened supervision and capital requirements from the previous decade, as well as by unprecedented government support to the private sector. It added that the regulatory restrictions on dividend distributions that started in 2020 led to the preservation of the banks' capital. Also, it noted that the average RAC ratio of the 200 banks decreased by four basis points (bps) in 2022 due mainly to the resumption of dividend distributions; broadly stable economic risks, which are a key driver of the calculation of risk-weighted assets; and higher interest rates that have largely offset normalizing credit costs and rising operating costs, which have resulted in broadly stable profits. It added that the median decrease was a modest 13 bps. It indicated that the RAC ratios of 18 banks remained broadly stable and moved by less than 5 bps in 2022; while they grew by more than 50 bps at 49 banks; increased by between 5 bps and 50 bps at 37 banks; decreased by more than 50 bps at 33 banks; and declined between 5 bps and 50 bps at 63 banks. Further, it pointed out that the banks remain in a broadly comfortable position to absorb future losses through declines in earnings rather than through decreases in their capital.

Source: S&P Global Ratings

GCC

Banks resilient to less supportive operating environment

S&P Global Ratings expected higher interest rates to slow down credit growth at Saudi and Kuwaiti banks from 14% and 8% in 2022, respectively, to 3% and 10% in 2023, respectively. However, it anticipated lending growth at UAE banks to accelerate from 5% in 2022 to 7% in 2023, driven by robust non-oil GDP growth, which will somewhat mitigate the negative effect of higher interest rates on credit growth. But it considered that a long period of elevated interest rates and the slowdown of activity in the oil sector could pose challenges to UAE banks. Also, it indicated that Qatari banks will continue to experience a sharp decline in lending, given that the country's main infrastructure projects, which are a key driver for credit demand through contractors, were completed in time for the 2022 FIFA World Cup. Further, it expected the asset quality metrics to deteriorate slightly at banks in Saudi Arabia, Kuwait, Qatar and the UAE, given that elevated interest rates have resulted in a steep rise in borrowing costs. It considered that low demand in the real estate market will weaken asset quality at Qatari and Kuwaiti banks. But it noted that the substantial exposure of Qatari Banks to the public sector and the high provisioning at Kuwaiti banks will contain the negative effects on their profitability and limit the rise in their non-performing loan ratios. In parallel, it pointed out that the banking sectors in Saudi Arabia, the UAE, Qatar and Kuwait reported Tier One regulatory capital ratios that exceeded 15% in 2022, and anticipated capital buffers to remain robust in these markets.

Source: S&P Global Ratings

AFRICA

Usage of Chinese yuan for trade and investments on the rise

Standard Chartered Bank indicated that African countries are increasingly using the Chinese Yuan (CNY) for trade, investment, and as a reserve currency. It noted that CNY-denominated SWIFT payments originating in or destined for Africa reached CNY530bn in 2022, or the equivalent of $79bn, up from CNY35.8bn in 2012. It added that more than 20 countries in Africa have so far used the CNY for cross-border payments, up from just five countries in 2010, and expected an increase in CNY-denominated cross-border payments from Ethiopia, Nigeria, and Senegal in the near term. It stated that China established a Chinese-African cross-border CNY clearing center in May 2023 to facilitate CNY transactions. Further, it said that Angola, Kenya, Nigeria, Tanzania and Uganda have diversified their foreign-currency reserves to include the CNY, in order to better reflect close trade relationships with China, although the US dollar still dominates the region's central bank reserves. In addition, it indicated that bilateral trade between China and Africa stood at $282bn in 2022, constituting increases of 11.6% from 2021 and of 122% $127bn in 2010. It anticipated Africa's imports from China to continue to grow, which would lead to trade settlements in CNY to pay for Chinese goods and services. In parallel, it pointed out that CNY-denominated bond issuance is likely to become more frequent in Africa in the medium term. It said that Egypt became the first African economy to issue a CNY-denominated bond in May 2023 to finance green and social projects. It also expected South Africa and Nigeria to issue CNY-denominated debt, followed by other higher-rated African sovereigns.

Source: Standard Chartered Bank

EGYPT

Banks' ratings downgraded on rise in external financing risks

Capital Intelligence Ratings downgraded the long-term foreign currency ratings of the Arab African International Bank (AAIB), Arab International Bank (AIB), Bank of Alexandria (Alexbank), Banque du Caire (BdC), Commercial International Bank (CIB), the Export Development Bank of Egypt (EBank), QNB Alahli, and the National Bank of Egypt (NBE) from 'B+' to 'B'. It affirmed the short-term foreign currency ratings of the eight banks at 'B'. It also affirmed the Bank Standalone Ratings (BSRs) of BdC and EBank at 'b', and revised the BSRs of AAIB, AIB, Alexbank, CIB, QNB Alahli, and NBE from 'b+' to 'b'. Further, it revised the outlook on the banks' ratings and BSRs from 'negative' to 'stable'. It attributed the downgrade of the banks' ratings to its similar action on the sovereign ratings, given the increase in Egypt's external financing risks. Further, it said that the ratings of the banks are supported by their good capitalization metrics and sound liquidity buffers. It noted that the ratings of Alexbank, CIB, and QNB Alahli are underpinned by their high profitability, while the ratings of BdC and Ebank reflect the banks' satisfactory operating profitability, and that the ratings of AAIB, AIB and NBE are constrained by their modest profitability. Also, it pointed out that the ratings of Alexbank, BdC, CIB, EBank, QNB Alahli, and NBE are supported by their adequate asset quality, although their non-performing loans ratios are increasing.

Source: Capital Intelligence Ratings

ENERGY / COMMODITIES

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

ICE Brent crude oil front-month prices reached $93.5 per barrel (p/b) on September 20, 2023, constituting an increase of 7.7% from $86.9 p/b at the end of August 2023, as a steeper-than-expected decrease in U.S. oil stockpiles reinforced fears of tight crude supply for the rest of 2023. In parallel, the International Energy Agency expected global oil demand to rise by 2.2 million barrels per day (b/d) to 101.8 million b/d in 2023 due to a rebound in Chinese consumption, an increase in demand for jet fuel, and surging activity in the petrochemicals industry. It anticipated the rise in global oil demand in the second half of 2023 to exceed oil supply by 1.24 million barrels per day (b/d). But it projected the growth of global demand to slow down sharply to 1 million b/d in 2024, driven by efficiency gains globally, the penetration of electric vehicles, and the increase in remote jobs. Also, it forecast global oil output to increase by 1.5 million b/d in 2023, supported by higher production from the U.S., Brazil, and Iran. However, it noted that refiners around the world are struggling to meet the rise in oil demand globally. In addition, it considered that the unwinding of output cuts at the start of 2024 would shift the oil market balance to a surplus, although oil stocks will remain at low levels, which would increase the risk of another surge in volatility due the fragile global economic environment. Further, Goldman Sachs projected oil prices to average $86 p/b in the third quarter and $93 p/b in the fourth quarter of 2023.

Source: International Energy Agency, Goldman Sachs, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts at $18.7bn in July 2023

Total oil exports from Saudi Arabia amounted to 7.16 million barrels per day (b/d) in July 2023, constituting declines of 12.2% from 8.15 million b/d in June 2023 and of 18.8% from 8.8 million b/d in July 2022. Further, oil export receipts reached $18.7bn in July 2023, representing decreases of 2.4% from $19.2bn in June 2023 and of 38% from $30.1bn in July 2022.

Source: JODI, General Authority for Statistics, Byblos Research

OPEC oil output up 0.4% in August 2023

Member countries of OPEC, based on secondary sources, produced an average of 27.45 million barrels of oil per day (b/d) in August 2023, constituting an increase of 0.4% from 27.3 million b/d in July 2023. On a country basis, Saudi Arabia produced 8.97 million b/d, or 32.7% of OPEC's total output, followed by Iraq with 4.3 million b/d (15.6%), Iran with 3 million b/d (10.9%), the UAE with 2.9 million b/d (10.6%), and Kuwait with 2.6 million b/d (9.3%).

Source: OPEC

Global hydroelectricity consumption up 1% in 2022

BP estimated global hydroelectricity consumption at 40.68 exajoules (EJ) in 2022, constituting an increase of 0.7% from 40.4 EJ in 2021. Hydroelectricity consumption in the Asia-Pacific region reached 17.94 EJ, or 44.2% of global demand for hydroelectricity last year, followed by demand in South & Central America with 7 EJ (17.2%), North America with 6.5 EJ (16%), Europe with 5.3 EJ (13.1%), the Commonwealth of Independent States with 2.3 EJ (5.7%), Africa with 1.47 EJ (3.6%), and the Middle East with 0.1 EJ (0.2%).

Source: BP, Byblos Research

Base Metals: Aluminum prices to average $2,300 per ton in 2023

The LME cash price of aluminum averaged $2,276.4 per ton in the year-to-September 20, 2023 period, constituting a decrease of 20.3% from an average of $2,855.3 a ton in the same period last year, due to weaker global demand of the metal and to lower output as a result of higher production costs amid elevated energy prices. In parallel, Goldman Sachs projected the global primary supply of aluminum at 70 million tons in 2023, constituting an increase of 2% from 68.6 million tons in 2022, due to higher output from Brazil and Indonesia. It forecast global primary demand for the metal at 70.6 million tons this year, representing a rise of 2% from 69.4 million tons in 2022. It expected the deficit of 1.1 million tons in the Chinese aluminum market to offset the surplus of 450,000 tons in the world ex-China. Further, it anticipated the global aluminum market to post a deficit of 784,000 tons in 2024, driven by higher demand for the metal from Western countries and by elevated consumption of global renewable energy. It projected the demand for aluminum from renewable energy sectors at 5.54 million tons in 2023, up by 40% from 3.95 million tons in 2022, with demand for the production of electric vehicles at 2.98 million tons, demand for solar power generation at 2.46 million tons, and demand for wind power generation at 100,000 tons. Moreover, it forecast aluminum prices to average $2,300 per ton in 2023 and $2,500 a ton in 2024.

Source: Goldman Sachs, Refinitiv, Byblos Research

Precious Metals: Gold prices projected at $1,903.6 per ounce in third quarter of 2023

Gold prices averaged $1,933 per troy ounce in the year-to September 20, 2023 period, constituting an increase of 5.4% from an average of $1,833 an ounce in the same period of 2022. The increase in prices was due mainly to higher demand for gold, as well as to the acceleration of inflows into gold-backed exchange traded funds between March and May 2023. Also, the price of the metal declined from a recent high of $2,047 per ton on May 4, 2023 to $1,945.4 a ton on September 20, due mainly to a stronger US dollar that has been driven by expectations of further interest rate hikes by the U.S. Federal Reserve. In parallel, the World Gold Council said that August marked the third consecutive month of net outflows across physically-backed gold exchange traded funds (ETFs). It noted that outflows from gold-backed ETFs reached $2.68bn in North America and $314.7m in Europe, and were partly offset by inflows of $429.8m in Asia and of $23.9m in other regions. As such, it pointed out that global net outflows from gold ETFs totaled $2.54bn last month, and resulted in assets under management of $209bn at the end of August 2023. In addition, S&P Global Market Intelligence indicated that the total production of the 15 largest gold miners reached 8.06 million ounces in the second quarter of 2023, constituting a decline of 0.6% from the same quarter of 2022, and a rise of 7.5% from the first quarter of 2023. It said that eight of the top producers of the precious metal increased their gold output year-on-year in the covered quarter, including five companies that boosted their production by double- or triple-digit percentage points. It added that seven firms reported lower gold production for the period, including Newmont Corp. and Barrick Gold Corp., the two largest gold producers in the world. Further, it projected the price of gold at $1,903.6 per troy ounce in the third quarter and at $1,875.5 per ounce in the fourth quarter of 2023.

Source: World Gold Council, S&P Global Market Intelligence, 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- Stable	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Negative	B3 RfD**	B Negative	B Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa3 Stable	CCC- -	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD -	Ca Stable	RD -	- -	-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- Stable	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	BB-	Ba3	BB-	B+								
	Stable	Stable	Stable	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	Stable	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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	5.50	20-Sep-23	No change	01-Nov-23
Eurozone	Refi Rate	4.50	14-Sep-23	Raised 25bps	26-Oct-23
UK	Bank Rate	5.25	21-Sep-23	No change	14-Dec-23
Japan	O/N Call Rate	-0.10	28-Jul-23	No change	22-Sep-23
Australia	Cash Rate	4.10	05-Sep-23	No change	03-Oct-23
New Zealand	Cash Rate	5.50	16-Aug-23	No change	04-Oct-23
Switzerland	SNB Policy Rate	1.75	21-Sep-23	No change	14-Dec-23
Canada	Overnight rate	5.00	06-Sep-23	No change	24-Oct-23
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Sep-23	No change	20-Oct-23
Hong Kong	Base Rate	5.75	21-Sep-23	Raised 25bps	02-Nov-23
Taiwan	Discount Rate	1.875	21-Sep-23	No change	14-Dec-23
South Korea	Base Rate	3.50	24-Aug-23	No change	19-Oct-23
Malaysia	O/N Policy Rate	3.00	07-Sep-23	No change	02-Nov-23
Thailand	1D Repo	2.25	02-Aug-23	Raised 25bps	27-Sep-23
India	Repo Rate	6.50	10-Aug-23	No change	06-Oct-23
UAE	Base Rate	5.40	20-Sep-23	No change	01-Nov-23
Saudi Arabia	Repo Rate	6.00	21-Sep-23	No change	01-Nov-23
Egypt	Overnight Deposit	19.25	03-Aug-23	Raised 100bps	21-Sep-23
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	30.00	21-Sep-23	Raised 500bps	26-Oct-23
South Africa	Repo Rate	8.25	20-Jul-23	No change	21-Sep-23
Kenya	Central Bank Rate	10.50	09-Aug-23	No change	03-Oct-23
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	26-Sep-23
Ghana	Prime Rate	30.00	24-Jul-23	Raised 50bps	25-Sep-23
Angola	Base Rate	17.00	15-Sep-23	No change	21-Nov-23
Mexico	Target Rate	11.25	10-Aug-23	No change	28-Sep-23
Brazil	Selic Rate	12.75	20-Sep-23	Cut 50bps	N/A
Armenia	Refi Rate	9.75	12-Sept-23	Cut 50bps	31-Oct-23
Romania	Policy Rate	7.00	07-Aug-23	No change	05-Oct-23
Bulgaria	Base Interest	3.12	30-Aug-23	Raised 16bps	27-Sep-23
Kazakhstan	Repo Rate	16.50	25-Aug-23	Cut 25bps	06-Oct-23
Ukraine	Discount Rate	20.00	14-Sep-23	Cut 200bps	26-Oct-23
Russia	Refi Rate	13.00	15-Sep-23	Raised 100bps	27-Oct-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