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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

Stock markets down 5% in first 10 months of 2023

Arab stock markets declined by 4.6% and Gulf Cooperation Council equity markets regressed by 4% in the first 10 months of 2023, relative to a decline of 0.5% and an increase of 3.1%, respectively, in the same period of 2022. In comparison, global stock markets grew by 4.4% and emerging market equities contracted by 3.4% in the first 10 months of 2023. Activity on the Damascus Securities Exchange surged by 81% in the first 10 months of 2023, the Egyptian Exchange appreciated by 54.5%, the Iraq Stock Exchange advanced by 38%, the Beirut Stock Exchange, based on the official stock market index, improved by 20.2%, and the Dubai Financial Market grew by 16.2%. Also, the Casablanca Stock Exchange increased by 12%, the Tunis Bourse gained 3.5%, the Saudi Stock Exchange yielded 2%, and the Bahrain Bourse advanced by 1.8% in the covered period. In contrast, activity on the Qatar Stock Exchange declined by 10.8%, the Abu Dhabi Securities Exchange decreased by 8.5%, the Boursa Kuwait contracted by 7.7%, the Palestine Exchange shrank by 6.6%, the Muscat Securities Market retreated by 6.4%, and the Amman Stock Exchange regressed by 3.5% in the first 10 months of 2023.

Source: Local stock markets, Dow Jones Indices, Refinitiv

Property rights level varies across region

The Property Rights Alliance ranked Qatar in 27th place among 125 countries worldwide and in first place among 14 Arab economies on its International Property Rights Index for 2023. The UAE followed in 32nd place, then Oman (34th), Bahrain (42nd), and Saudi Arabia (43rd) as the five countries with the highest level of property rights. In contrast, Egypt (88th), Algeria (99th), Lebanon (114th), Mauritania (120th), and Yemen (124th) have the lowest levels of property rights in the region. The index measures the strength and protection of physical and intellectual property rights in a country. It is a composite of three equally weighted sub-indices that are the Legal & Political Environment Sub-Index, the Physical Property Rights Sub-Index and the Intellectual Property Rights Sub-Index. In addition, the Arab region's average score stood at 4.9 points, with the average score of Gulf Cooperation Council (GCC) countries at 5.9 points and the average score of non-GCC Arab countries stood at 4.1 points. Further, the Arab region's average score came lower than the global average of 5.2 points, the average score of North America (7.5 points), Western Europe (7.2 points), Asia & Oceania (5.65 points), and Central Eastern Europe & Central Asia (5.2 points), but came higher than the average score of Africa (4.61 points), and Latin America & the Caribbean (4.4 points). Further, the ranks of one Arab economy improved, the position of one Arab state was unchanged, and those of 12 countries deteriorated, while the scores of three Arab economies increased and those of 11 countries declined from the previous survey. Qatar led on the Physical Property Rights and the Legal & Political Environment sub-indices in the Arab region, while Morocco ranked first on the Intellectual Property Rights sub-index.

Source: Property Rights Alliance, Byblos Research

Venture capital funding in climate tech sector up 50% to $270m in 2022

Figures released by online platform Magnitt show that venture capital (VC) funding in the climate tech sector in the Middle East & North Africa (MENA) region and Türkiye reached $270m in 2022, constituting an increase of 50% from $180M in 2021. VC investments in the climate tech industry totaled $24m in 2018, $112m in 2019, and $65m in 2020. Also, the number of VC deals in the climate tech sector in the MENA region and Türkiye totaled 50 in 2022 and decreased by 7.4% from 54 transactions in 2021. There were 45 deals in 2018, 43 transactions in 2019, and 33 deals in 2020. Further, it noted that VC investments in the climate tech industry in UAE-based startups stood at $401m, or 62% of placements in the region's startups in the 2018-22 period, followed by startups in Türkiye with $124m (19%), in Saudi Arabia with $68m (10%), Egypt with $42m (7%), and Tunisia with $6m (1%). Türkiye saw 80 deals in the 2018-22 period, or 36% of the total, followed by the UAE with 45 transactions (20%), Egypt with 35 deals (16%), Saudi Arabia with 21 transactions (9%), and Lebanon with 10 deals (4%). In parallel, firms in the agriculture sector were the recipient of 52% of VC funding in the climate tech industry in the MENA region and Türkiye, followed by companies in the energy sector with 20%, transport & logistics firms (12%), companies with sustainable projects (7%), and manufacturing firms (3%). In parallel, VC investments in the climate tech sector stood at $40m with 30 transactions in the MENA region and Türkiye in the first half of 2023.

Source: Magnitt, Byblos Research

GCC

Fixed income issuance up 24% to $98bn in first 10 months of 2023

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $97.7bn in the first 10 months of 2023, constituting an increase of 23.5% from $76.7bn in the same period of 2022. Fixed income issuance in the covered period consisted of $32.3bn in corporate bonds, or 34% of the total, followed by $22.2bn in sovereign sukuk (23.4%), $22.1bn in corporate sukuk (23.3%), and $18.1bn in sovereign bonds (19%). Further, aggregate bonds and sukuk issued by corporates in the GCC amounted to $54.4bn in the first 10 months of 2023, or 57.4% of fixed income output in the region; while issuance by GCC sovereign reached $40.3bn, or 42.6% of the total. GCC sovereigns issued $10bn in bonds and sukuk in January, $1.5bn in February, $0.1bn in March, $2.3bn in April, $7.6bn in May, $2.2bn in June, $0.2bn in July, $12.1bn in August, $3.2bn in September, and $0.5bn in October 2023. Also, companies in the GCC issued $2.4bn in bonds and sukuk in January, $13.6bn in February, $2.1bn in March, $5.6bn in April, $5.6bn in May, $5.2bn in June, $5bn in July, $0.8bn in August, $5.7bn in September, and $8.4bn in October 2023. In parallel, corporate output in October included $3.5bn in sukuk and $20.5m in bonds issued by companies based in Saudi Arabia, and $300m in sukuk and $3.2bn in bonds issued by firms based in the UAE. Further, sovereign proceeds in the covered month consisted of $530m in bonds that Bahrain issued.

Source: KAMCO

MENA

Region to face multiple implications from Gaza war

Moody's Investors Service considered that an escalation of Israel's war in Gaza could have implications for all the sovereigns in the Middle East & North Africa (MENA) region through six key channels. First, it anticipated that an escalation in violence could lead to an influx of refugees from the Palestinian territories to Egypt and Jordan, which would result in higher fiscal costs for both sovereigns, despite expectations of substantial grants from the donor community to offset the related fiscal effects. Second, it anticipated that an extended disruption to the Tamar gas field would weaken Egypt's ability to export liquefied natural gas (LNG), which would weigh on its current account balance and increase its external financing needs. Also, it said that a potential temporary closure of the Leviathan gas field would disrupt gas supply to Jordan, which uses imported gas to generate nearly 50% of its electricity. Third, it expected oil and gas exports from the Gulf Cooperation Council (GCC) and Iraq to drop sharply in case the Strait of Hormuz is blocked or if there were attacks on ships or perceived threats that reduced the ship owners' willingness to use the strait.

Fourth, the agency anticipated that a disruption to trade channels would affect domestic economic activity and lead to higher inflation rates in Iraq and all GCC countries, except Oman, as these sovereigns rely heavily on the ports that are inside the Gulf in order to import food, most consumer goods, and raw materials. Fifth, it expected that heightened safety and security concerns would negatively affect economic activity in tourism sectors across the MENA region. It anticipated that lower tourist arrivals would lead to wider current account deficits and a need for more external financing for Egypt and Jordan. It considered that the impact of lower tourism receipts will be limited in Oman, Qatar and the UAE as they run large current account surpluses. Sixth, it forecast a rise in the spreads on credit default swaps across the region and an increase in capital outflows from lower-rated sovereigns that have significant external financing needs. It anticipated that Egypt would be the most severely affected sovereign given its sizeable external repayment needs and its reliance on foreign direct investments and tourism to generate foreign currency, while it noted that Bahrain is also exposed to tighter financing conditions given its thin external buffers.

Source: Moody's Investors Service

EGYPT

External outlook contingent on war developments

Goldman Sachs anticipated that Israel's war on Gaza will weigh on Egypt's external outlook through its impact on the tourism sector and on the exports of liquefied natural gas (LNG). In a baseline scenario, it assumes that LNG exports decline moderately, receipts from the Suez Canal increase due to an additional increase in transit fees beginning in January 2024 and rising oil prices, tourism receipts remain flat, and remittance inflows bottom out in the fiscal year that ends in June 2024. As such, it revised it projection for the current account deficit from 1.6% of GDP to 1.8% of GDP in FY2023/24, due mainly to lower LNG export receipts. It attributed the modest downward revision to the limited impact of the conflict on the Egyptian economy. However, it considered a worst case scenario whereby the impact of the conflict on Egypt's economy could be much greater, as tourism and LNG export receipts will be more significantly affected. In this scenario, it estimated that tourism receipts will decline by $4.5bn in FY2023/24, that LNG exports do not resume for the remainder of the fiscal year, which would cost the country an additional $3.6bn in foregone export receipts. As such, it anticipated that the downside scenario to tourism receipts would lead to a widening of the current account deficit to 2.9% of GDP in FY2023/24. It forecast the deficit to further widen to 3.7% of GDP when adding the impact of the potential suspension of LNG exports. As such, it expected Egypt's external funding gap to reach $8bn in FY2023/24 at the current level of available external financing.

Further, Goldman Sachs considered that Egypt does not have adequate foreign currency buffers to absorb an external funding gap of this magnitude. But it expected that regional and international partners will help bridge the gap with additional financing to help Egypt absorb the potential negative impact on its balance of payments from the ongoing conflict. It also anticipated that the International Monetary Fund will allow for some flexibility in its conditionality and provide additional financing in the near term.

Source: Goldman Sachs

ARMENIA

Economic growth to average 6% in 2023-24 period

The International Monetary Fund (IMF) projected real GDP growth in Armenia at 7% in 2023 and expected it to moderate to a more sustainable level of 5% in 2024, amid a normalization of income and capital inflows, and tight global and domestic financial conditions. It considered that downside risks to the economic outlook are elevated and include geopolitical tensions, tight global financial conditions, a slowdown in external demand, and an abrupt reversal of capital flows. In contrast, it expected that renewed income streams and capital inflows, as well as the authorities' stepped up efforts to implement reforms, could support higher real GDP growth rates in the near term.

In parallel, it indicated that the draft budget for 2024 aims to ensure macroeconomic stability and includes appropriate support for refugees. It also expected the budget to allow for priority social and capital expenditures, as well as to include measures that improve the mobilization of public revenues, to maintain a moderate public debt level, and to limit the overheating of the economy. It indicated that the Central Bank of Armenia (CBA) has started the gradual normalization of its monetary policy, and expected it to anchor inflation expectations. It also anticipated that the flexible exchange rate regime will remain a key absorber of external shocks.

Further, the IMF called on the authorities to maintain their strong policy and reforms momentum, as well as to build fiscal buffers and further strengthen the medium-term sustainability of public finances. It also urged the authorities to keep inflation expectations anchored, safeguard financial stability, implement governance reforms, and boost productivity in order to deliver sustained and inclusive growth.

Source: International Monetary Fund

ECONOMY & TRADE

SAUDI ARABIA

Non-oil private sector to drive growth in 2023 and 2024

Citi Research indicated that the government budget shifted from a surplus of SAR149.5bn in the first nine months of 2022 to a deficit of SAR44bn in the same period of 2023, driven by a rise in public expenditures and a decline in revenues. It pointed out that public receipts regressed by 10% in the first nine months of 2023 from the same period last year due to a drop of 24% in oil revenues that was partly offset by a rise of 22% in non-oil receipts. It noted that public expenditures grew by 12.2% annually in the first nine months of 2023, driven mainly by increases in spending on goods and services, capital expenditures, the compensation of employees, and social benefits. Also, it said that the budget posted a deficit of SAR35.8bn in the third quarter of 2023 compared to a surplus of SAR14.1bn in the same quarter of 2022. As such, it forecast the budget balance to shift from a surplus of 2.5% of GDP in 2022 to a limited deficit at 2% of GDP in 2023 and expected it to remain in deficit in 2024 as a result of lower oil receipts. In addition, it projected Saudi Arabia's real GDP to contract by 0.5% in 2023 due to subdued oil production associated with voluntary production cuts and to a slowdown in non-oil activity in the third quarter of 2023. It indicated that the preliminary data showed a contraction of 17.3% in real oil GDP and a growth rate of 3.6% in real non-hydrocarbon GDP in the third quarter of 2023 on an annual basis. Further, it expected oil production to remain subdued until the end of the first quarter of 2024 and for non-oil activity to grow at a healthy pace in the near term on the back of strong consumption spending, accelerated project implementation, and ongoing structural reforms.

Source: Citi Research

DEM REP CONGO

Real GDP growth rate to exceed 6% in 2023

The International Monetary Fund expected real GDP growth in the Democratic Republic of the Congo to exceed 6% in 2023, despite a difficult and uncertain environment, insecurity in the east of the country, and lower cobalt prices. It noted that the inflation rate was 22% year-on-year in October 2023, driven by the depreciation of the local currency. As such, it said that the Banque Centrale du Congo (BCC) increased its policy rate by 1,400 basis points to 25% in August to contain inflationary pressures. Further, it indicated that the fiscal position has worsened, as the government's domestic revenues decreased in the first nine months of 2023, while authorities adjusted spending to prioritize security and elections expenditures, as well as other current spending, over the repayment of arrears. In addition, it pointed out that the current account deficit remained wide, given that the dollar-denominated tax revenues from mining came lower-than-expected and due to the intervention of the BCC in the face of depreciation pressures on the exchange rate. Also, it indicated that gross foreign currency reserves reached $5bn at end-October 2023. In parallel, it urged the government to continue its reform efforts to improve the budget process, enhance fiscal governance, and ameliorate spending efficiency. It stressed the importance of keeping non-essential expenditures under control, rationalizing spending on goods and services, and preserving social and priority public investment expenditures.

Source: International Monetary Fund

EGYPT

Sovereign ratings downgraded on increased external financing risks

Fitch Ratings downgraded Egypt's long-term local and foreign currency issuer default ratings (IDRs) from 'B' to 'B-', which is six notches below investment grade, and affirmed the country's short- local and foreign currency IDRs at 'B'. It also revised from 'negative' to 'stable' the outlook on the long-term local and foreign currency IDRs. It attributed the downgrade to the increased risks to Egypt's external financing, to the trajectory of the elevated public debt, as well as to risks to the country's macroeconomic stability. Also, it said that the authorities' slow progress on reforms, including the delays on the transition to a more flexible exchange rate regime and on reviews of the country's program with the International Monetary Fund (IMF), have damaged the credibility of monetary policy and exacerbated external financing constraints in the context of increasing external debt servicing. It considered that downward pressures on the exchange rate of the Egyptian pound have increased and that the path to policy adjustment has become more complicated. Further, it indicated that the 'stable' outlook reflects the agency's expectations that reforms will accelerate after the presidential elections that are scheduled for December 2023, which would pave the way for a new and potentially larger IMF program and additional support from Gulf Cooperation Council countries. In parallel, the agency indicated that it could downgrade the ratings in case of additional pressure on external financing that would undermine the recovery in foreign currency reserves and other liquidity buffers; and/or in case of an escalation of Israel's war in Gaza that will have substantial negative spillovers on tourism and on investor sentiment.

Source: Fitch Ratings

ETHIOPIA

Sovereign rating downgraded on drop in external liquidity metrics

Fitch Ratings downgraded Ethiopia's long-term foreign currency issuer default rating (IDR) from 'CCC-' to 'CC', which is 10 notches below investment grade. It also affirmed the country's long-term local currency IDR at 'CCC-', the short-term local and foreign currency IDRs at 'C' and the Country Ceiling at 'B-'. It attributed the downgrade to the significant decline in Ethiopia's external liquidity and substantial external financing gap, which have increased the likelihood of a sovereign default. It estimated sovereign external principal and interest payments at $1bn in the fiscal year that ends in June 2024 and $2bn in FY2024/25, with a $1bn Eurobond maturing in December 2024, as well as about $1bn in debt service obligations annually for state-owned enterprises. Also, it said that the rating reflects the significant risk of a sovereign default event that may result from the government's participation in the Group of 20 (G20) Common Framework (CF) debt relief initiative, given that the country's engagement with the G20 CF will impose comparable treatment for official and private creditors. The agency anticipated that Ethiopia's already strained external liquidity will continue to deteriorate in the absence of a debt treatment that would reduce the country's external debt servicing and unlock external financing. In parallel, Fitch indicated that it could upgrade the ratings in case the government honors its payments on its Eurobonds in a timely manner.

Source: Fitch Ratings

MENA

Open Finance market to grow by 45% during 2022-27 period

The Arab Monetary Fund (AMF) estimated the market size of Open Banking (OB) in Arab countries at between $350m and $420m in 2022, and projected it to reach $1.17bn by 2027 and to post a compound annual growth rate (CAGR) of 25% during the 2022-27 period. It indicated that OB in the region is transitioning towards a more comprehensive model known as Open Finance (OF). It estimated the market size of OF in the Arab world at between $1.65bn and $2bn in 2022, and expected it to reach $11.74bn by 2027 and to post a CAGR of 45% during the covered period. It said that, while OB primarily focuses on facilitating the access of customers to payment accounts and related services, OF extends this approach to a wider range of financial products and services, such as investments, pensions, insurance, and consumer credit. It expected this broader scope to provide consumers and businesses in Arab countries with an all-inclusive view of their financial standing and to enable them to make more informed decisions based on a complete understanding of their financial footprint. It considered that OF in Arab countries has significant potential for both consumers and the financial services industry, and expected further integration and collaboration between financial service providers, fintech firms, and other stakeholders amid the ongoing advancement of technology. In parallel, the AMF considered that the evolution of OF will reshape the financial landscape in the Arab world and will foster an environment of increased transparency, competition and efficiency. But it noted that central banks in the region must adapt their policies and frameworks to ensure that the expansion into OF maintains robust consumer protection, data privacy, and security standards.

Source: Arab Monetary Fund

QATAR

Banks' cost of risk manageable in near term

Fitch Ratings indicated that the cost of risk for Qatari banks is higher than at banking sectors of Gulf Cooperation Council peers due to the slowdown in lending, weak non-oil GDP growth, and a still fragile real estate sector amid excess supply. It attributed the slower credit growth in part to the Qatari government's repayment of its debt to banks. It pointed out that the banks' lending growth regressed from 8.5% at end-2020 to zero percent at end-June 2023 on an annual basis, which contributed to the relatively high cost of risk. It added that the loan-impairment charges of the banks led to a further rise in the cost of risk, given that the charges increased by 20% in 2022 and by 8% in the first half of 2023. Also, it indicated that Qatari banks are highly exposed to the real estate and contracting sectors, which, in addition to retail mortgages and collateral holdings, pose risks to asset quality. It noted that the real estate market has been under pressure since 2016 due to excess supply, including the supply linked to the staging the 2022 FIFA World Cup. It said that the average ratio of loan-loss allowances to Stage 3 loans was 140% at end-June 2023. But it did not expect the cost of risk of Qatari banks to increase significantly in the near term, despite asset-quality pressures and muted credit growth. Further, it noted that high oil prices, elevated interest rates, and contained inflationary pressures are supporting the operating environment of the Qatari banking sector.

Source: Fitch Ratings

JORDAN

Private sector lending up 2% in first nine months of 2023

The consolidated balance sheet of commercial banks in Jordan indicates that total assets reached JD65.3bn, or $92.1bn, at the end of September 2023, constituting increases of 1.8% from JD64.15bn in the first nine months of 2023 and of 3.4% from end-September 2022. Claims on the resident private sector grew by 1.7% from the end of 2022 to JD30.22bn and credit to the non-resident private sector rose by 11.6% to JD742m, leading to an expansion of 2% in overall private sector credit facilities in the first nine months of 2023. Lending to the resident private sector accounted for 46.3% of total assets at end-September 2023 relative to 46.9% a year earlier. In parallel, resident private sector deposits reached JD34bn at end-September 2023, constituting increases of 2.4% from the end of 2022 and of 3.7% from end-September 2022; while non-resident private sector deposits stood at JD5.6bn, up by 5.6% in the first nine months of the year and by 2.7% from end-September 2022. Also, the government's deposits totaled JD1.2bn and those of public non-financial institutions reached JD394m at end-September 2023, while claims on the public sector accounted for 24.2% of total assets, nearly unchanged from a year earlier. Further, the banks' reserves at the Central Bank of Jordan totaled JD7.5bn, or $10.6bn, at end-September 2023 and increased by 4.4% from end-2022; while capital accounts and allowances stood at JD9.6bn, or $13.6bn, and grew by 2.4% in the first nine months of 2023. Also, deposits at foreign banks reached JD4.1bn, or $5.8bn, at end-September 2023 and increased by 4.4% in the first nine months of 2023; while the sector's foreign liabilities stood at $15bn at end-September 2023.

Source: Central Bank of Jordan

TUNISIA

Banks face liquidity and solvency risks

Fitch Ratings indicated that the elevated profitability of Tunisian banks in the first half of 2023 is hiding the banks' high exposure to the very weak sovereign and the uncertain operating conditions. It did not expect the banks' profitability to improve in the second half of 2023 and in 2024 due to rising impairment charges and the additional tax on bank profits that the authorities announced in October 2023. It said that the delay in reaching an agreement with the International Monetary Fund is making the government increasingly reliant on banks to fund its large financing needs, which could weaken the banks' liquidity and increase solvency risks. It noted that the restructuring of the local currency-denominated sovereign debt could significantly weaken the banks' capitalization in case of a sovereign default. It pointed out that a 50% haircut on the banks' local-currency sovereign debt holdings would result in several banks breaching their minimum regulatory capital adequacy requirements. Further, it indicated that a full write-down of foreign-currency sovereign debt in the event of a sovereign default would materially weaken the sector's aggregate capital ratio, but would not make banks insolvent. In parallel, it forecast the government's financing needs at $7.7bn, or 17% of GDP, in 2024, and considered that the banks' capacity to absorb the funding gap is limited as a result of foreign deposits inflows. In addition, it expected the banks' funding costs to increase in the near term due to competition for scarce liquidity.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $90.3p/b in fourth quarter of 2023

ICE Brent crude oil front-month prices reached $79.5 per barrel (p/b) on November 8, 2023, their lowest level in more than three months, and constituting a decrease of 6% from $84.6 p/b a week earlier. The decline in oil prices was mainly due to concerns about lower demand for oil from the U.S. and China in the near term, as well as the significant rise in U.S. crude oil stocks. In parallel, the U.S. Energy Information Administration (EIA) forecast the ongoing output cuts from the OPEC+ coalition to keep the growth rate of global oil output slower than the growth rate in global consumption, and to contribute to inventory draws and upward pressure on oil prices in the early months of 2024, despite its expectations of an increase in global oil production next year. Also, it noted that heightened uncertainties around the war in Gaza and the potential for tensions spreading to a wider area in the Middle East pose risks to oil supply and available spare production capacity. Further, it projected Venezuela to increase its crude oil production by less than 0.2 million barrels per day (b/d) to an average of 0.9 million b/d by the end of 2024, given that the U.S. lifted sanctions on Venezuela's crude oil exports on October 18 for a six-month period. But it considered that increases in Venezuela's crude oil production will take longer and will require significant investments after years of deferred maintenance and lack of access to capital. Moreover, the EIA forecast oil prices to average $90.3 p/b in the fourth quarter of the year and $84 p/b in full year 2023.
Source: EIA, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts at $20.8bn in August 2023

Total oil exports from Saudi Arabia amounted to 6.9 million barrels per day (b/d) in August 2023, constituting declines of 3.4% from 7.2 million b/d in July 2023 and of 23.3% from 9 million b/d in August 2022. Further, oil export receipts reached $20.8bn in August 2023, representing an increase of 11% from $18.7bn in July 2023 and a decline of 27% from $28.5bn in August 2022..
Source: JODI, General Authority for Statistics, Byblos Research

MENA's natural gas exports up by 2% in 2023

The International Monetary Fund projected natural gas exports from the Middle East & North Africa region to average 5 million barrels of oil equivalent per day (boe/d) in 2023, constituting an increase of 2% from 4.9 million boe/d in 2022. It expected natural gas exports from GCC countries to account for 70% of the region's gas exports this year, and for non-GCC exporters to represent the balance of 30%. Further, it forecast Qatar's natural gas exports at 2.7 million boe/d in 2023, equivalent to 54% of the region's gas exports, followed by Algeria with 1.1 million boe/d (22%), the UAE with 0.5 million boe/d (10%), and Iran and Oman with 0.3 million boe/d each (6% each).
Source: International Monetary Fund, Byblos Research

Iraq's oil exports receipts at $9.7bn in October 2023

Preliminary figures from the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 109.5 million barrels in October 2023, and increased by 6.2% from 103.1 million barrels in September 2023 and by 4.5% from 104.8 million barrels in October 2022. They averaged 3.53 million barrels per day (b/d) in October 2023. Oil exports from the central and southern fields amounted to 108.05 million barrels in October 2023. Further, oil export receipts stood at $9.7bn in October, up by 2.6% from $9.4bn in September 2023 and by 4.2% from $9.3bn in October 2022.
Source: Iraq Ministry of Oil, Byblos Research

Base Metals: Copper prices to average $8,000 per ton in fourth quarter of 2023

LME copper cash prices averaged $8,511.8 per ton in the year-to-November 8, 2023 period, constituting a decline of 4.6% from an average of $8,918.4 a ton in the same period of 2022. The decrease in prices was due mainly to a slowdown in global economic activity, which has resulted in lower demand for the metal. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 17.5 million tons in the first eight months of 2023, constituting an increase of 2.5% from 17.1 million tons in the same period of 2022 due to a growth of 5% in Chinese demand for the metal, given that China is the world's largest consumer of the metal, which offset the 3% decline in demand for refined copper from the European Union, Japan, and the United States. Also, it noted that the global production of refined copper reached 17.6 million tons in the first eight months of 2023, representing a rise of 5% from 16.8 million tons in the same period of 2022, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Chile, Finland, India, Indonesia, Japan, Sweden, and the U.S. It added that mine production accounted for 82% of the aggregate output of refined copper in the covered period relative to 85% in the first eight months of 2022. In parallel, Citi Research noted that macroeconomic challenges, geopolitical tensions, and the slowdown in economic activity in the U.S. and China would weigh on global copper demand in the near term. It projected LME copper prices at $8,000 per ton in the fourth quarter of 2023 and to average $8,440 per ton in full year 2023.
Source: ICSG, Citi Research, Refinitiv

Precious Metals: Gold prices to average $1,901 per ounce in fourth quarter of 2023

Gold prices averaged $1,931 per troy ounce in the year-to-November 8, 2023 period, constituting a rise of 7% from an average of $1,806.3 an ounce in the same period of 2022. The increase in prices was due mainly to higher demand for gold given its appeal as a safe haven for investors, as well as to the acceleration of inflows into gold-backed exchange traded funds between March and May 2023 and to the expansion in US Treasury yields. Also, the price of the metal declined from a recent high of $2,047 per ounce on May 4, 2023 to $1,818.4 an ounce on October 5, its lowest level since January 2 of this year, due mainly to a stronger US dollar that has been driven by expectations of further interest rate hikes by the U.S. Federal Reserve. However, following the onset of the war in Gaza on October 7, 2023, gold prices reversed their downward trend and reached $1,995.9 an ounce on October 31 of this year. Further, the metal's price moderated to $1,958.4 per ounce on November 8, given the U.S. Federal Reserve's recent decision to keep its policy rate unchanged. In parallel, S&P Global Market Intelligence expected the U.S. Federal Reserve to raise its policy rate in its upcoming meeting on December 13, 2023, given the ongoing strong jobs data in the United States. As such, it anticipated gold prices to decline in the near term, and projected the metal's price to average $1,901 per ounce in the fourth quarter of 2023 and $1,923.4 an ounce in full year 2023.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	S&P	Moody's	LT Foreign currency rating 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- Stable	Caa1 Stable	B- Stable	B Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa3 Stable	CC -	-	-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+ Stable	Ba2 Positive	BB+ Stable	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	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 (%)
	LT Foreign currency rating											
Asia												
Armenia	BB- Stable	Ba3 Stable	BB- Stable	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 Stable	B2 Negative	B Stable	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*
*** CreditWatch with negative implications*
**** Review for Downgrade*
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	01-Nov-23	No change	13-Dec-23
Eurozone	Refi Rate	4.50	26-Oct-23	No change	14-Dec-23
UK	Bank Rate	5.25	21-Sep-23	No change	14-Dec-23
Japan	O/N Call Rate	-0.10	31-Oct-23	No change	19-Dec-23
Australia	Cash Rate	4.35	07-Nov-23	Raised 25bps	05-Dec-23
New Zealand	Cash Rate	5.50	04-Oct-23	No change	29-Nov-23
Switzerland	SNB Policy Rate	1.75	21-Sep-23	No change	14-Dec-23
Canada	Overnight rate	5.00	25-Oct-23	No change	06-Dec-23
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Oct-23	No change	20-Nov-23
Hong Kong	Base Rate	5.75	02-Nov-23	No change	14-Dec-23
Taiwan	Discount Rate	1.875	21-Sep-23	No change	14-Dec-23
South Korea	Base Rate	3.50	19-Oct-23	No change	30-Nov-23
Malaysia	O/N Policy Rate	3.00	02-Nov-23	No change	24-Jan-24
Thailand	1D Repo	2.50	27-Sep-23	Raised 25bps	29-Nov-23
India	Repo Rate	6.50	06-Oct-23	No change	N/A
UAE	Base Rate	5.40	01-Nov-23	No change	13-Dec-23
Saudi Arabia	Repo Rate	6.00	01-Nov-23	No change	13-Dec-23
Egypt	Overnight Deposit	19.25	02-Nov-23	No change	21-Dec-23
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	35.00	26-Oct-23	Raised 500bps	23-Nov-23
South Africa	Repo Rate	8.25	21-Sep-23	No change	23-Nov-23
Kenya	Central Bank Rate	10.50	03-Oct-23	No change	05-Dec-23
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	13-Nov-23
Ghana	Prime Rate	30.00	25-Sep-23	No change	27-Nov-23
Angola	Base Rate	17.00	15-Sep-23	No change	21-Nov-23
Mexico	Target Rate	11.25	28-Sep-23	No change	09-Nov-23
Brazil	Selic Rate	12.25	01-Nov-23	Cut 50bps	N/A
Armenia	Refi Rate	9.75	31-Oct-23	No change	12-Dec-23
Romania	Policy Rate	7.00	08-Nov-23	No change	N/A
Bulgaria	Base Interest	3.53	25-Oct-23	Raised 24bps	27-Nov-23
Kazakhstan	Repo Rate	16.00	06-Oct-23	Cut 50bps	24-Nov-23
Ukraine	Discount Rate	16.00	26-Oct-23	Cut 400bps	14-Dec-23
Russia	Refi Rate	15.00	27-Oct-23	Raised 200bps	15-Dec-23

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