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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt equivalent to 333% of GDP at end-September 2023

The Institute of International Finance indicated that global debt, which includes the debt of governments, corporations and households, reached $307.4 trillion (tn) at end-September 2023, constituting a rise of 6.4%, from $289tn at end-September 2022. The debt of advanced economies accounted for 67% of the total, while the debt of emerging markets (EM) represented the balance of 33%. It noted that the aggregate debt level reached 333% of global GDP at end-September 2023 compared 337.2% of global GDP at end-September 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 $206tn, or 379.4% of GDP, while the debt level of EMs totaled $101.3tn, or 255.6% of GDP at end-September 2023. It pointed out that the aggregate debt of corporates excluding financial institutions reached $91.1tn, or 95% of global GDP, at end-September 2023, followed by government debt with $88.1tn (97% of GDP), financial sector indebtedness with $70.3tn (79.5% of GDP), and household debt with $57.9tn (61.7% of GDP). Further, it indicated that EM corporate debt excluding financial institutions totaled $42.2tn or 105.2% of GDP at end-September 2023, followed by EM government borrowing at $27tn (68.2% of GDP), EM household debt at $18.4tn (46.7% of GDP), and financial sector indebtedness at $13.8tn (35.5% of GDP). Also, it noted that the borrowing of governments in advanced economies amounted to $61.1tn or 114.2% of GDP at end-September 2023, followed by financial sector indebtedness at $56.5tn (105.8% of GDP), corporate debt ex-financial institutions at $48.9tn (88.7% of GDP), and household debt at $39.5tn (70.7% of GDP).

Source: Institute of International Finance

Merchandise exports of intermediate goods down 6% to $4.7 trillion in first half of 2023

Figures released by the World Trade Organization show that the global merchandise exports of intermediate goods reached $4.7 trillion (tn) in the first half of 2023, constituting a decrease of 6.1% from $5tn in the first half of 2022. The distribution of the exports of intermediate goods shows that exports from Asia stood at $1.9tn and accounted for 40.6% of aggregate exports in the first half of 2023. Europe followed with $1.8tn (38.3%), then North America with $602bn (12.9%), South & Central America with $218bn (4.7%), and Africa with $133bn (2.9%). It noted that the value of exports of intermediate goods decreased by 10.8% in Asia in the first half of 2023 from the same period of the previous year, followed by Africa (-9%), South & Central America (-5.6%), North America (-3.2%), and Europe (-0.7%). In parallel, it indicated that the exports of other industrial supplies, such as raw and semi-manufactured materials, amounted to $2.25tn of aggregate intermediate goods exports, and accounted for 48.3% of the total in the first half of 2023, followed by parts and accessories excluding transport equipment with $1.15bn (24.7%), parts, and accessories of transport equipment with $586bn (12.6%), ores, precious stones and rare earths elements with $442bn (9.5%), and food & beverages with $228bn (4.9%).

Source: World Trade Organization

MENA

Network readiness deteriorates in Arab countries

The Portulans Institute ranked the UAE in 30th place among 134 countries globally and in first place among 13 Arab countries on its Network Readiness Index (NRI) for 2023. Saudi Arabia followed in 41st place, then Qatar (46th), Bahrain (51st), and Oman (54th) as the five Arab countries with the most developed network readiness. The NRI assesses the application and impact of information and communication technology in economies around the world, and measures the importance of governmental and societal factors in the formulation of digital strategies in a country. The index consists of 12 sub-pillars that are aggregated in the Technology, People, Governance, and Impact pillars. The rankings on the index are based on scores that range from zero to 100, with higher scores reflecting better performance in terms of network readiness. The score of a country is an equally-weighted average of the four scores on each pillar. The Arab countries' average score stood at 46.6 points in 2023 compared to 51.2 points in 2022, and came lower than the global average score of 48.9 points. Also, the region's average score was higher than the average scores of the Commonwealth of Independent States (45.8 points) and Africa (32.1 points), while it came lower than the average scores of Europe (61.2 points), Asia & Pacific (53.3 points) and the Americas (47.4 points). In parallel, the UAE was the top ranked Arab country on the Technology, People and Impact pillars, while Qatar ranked in first place on the region on the Governance pillar.

Source: Portulans Institute, Byblos Research

GCC

Corporate earnings down by 17% to $182bn in first nine months of 2023

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $181.2bn in the first nine months of 2023, constituting a decrease of 17.3% from $219.7bn recorded in the same period of 2022. In parallel, listed companies in Saudi Arabia generated $120bn in profits, or 66% of total corporate earnings in the GCC in the covered period, followed by listed firms in Abu Dhabi with $26.7bn (14.7%), in Dubai with $15.6bn (8.6%), in Qatar with $10bn (5.5%), in Kuwait with $6.6bn (3.6%), in Oman with $1.6bn (0.9%), and in Bahrain with $1.3bn (0.7%). Further, the earnings of listed companies in Dubai surged by 36.8% annually in the first nine months of 2023, followed by the profits of listed firms in Kuwait (+24.5%), in Oman (+14.3%), and in Abu Dhabi (+3.1%), while the earnings of listed firms in Bahrain declined by 43.5%, followed by the profits of listed companies in Saudi Arabia (-26%), and in Qatar (-10.7%). Also, the earnings of listed firms in the GCC energy sector reached $99bn and accounted for 54.4% of total corporate earnings in the covered period, followed by the profits of listed banks with $40.5bn (22.3%), utilities firms with $8.2bn and telecommunication companies with $8.1bn (4.5% each), and real estate firms with $5.6bn (3.1%). Further, the income of companies in the energy sector fell by $33.8bn in the covered period in 2023, followed by the profits of firms in the materials sector (-$9.3bn), in the capital goods industry (-3bn), and at diversified financial services firms (-$1.7bn).

Source: KAMCO

OUTLOOK

WORLD

Insurance premiums to grow by an average of 2.2% in real terms in 2024-25 period

Global reinsurer Swiss Re projected global insurance premiums to grow by an average of 2.2% annually in real terms in the 2024-25 period following a moderate expansion of 1.5% in real terms in 2023. It attributed the growth in global premiums in the next two years mainly to the expected pickup in the health insurance sector, as well as to stronger activity in the life insurance segment. In addition, it expected emerging markets (EMs), especially China, to be the main contributors to the growth rates of premiums globally in the next two years. It projected insurance premiums in emerging markets (EMs) to grow by 6.4% in real terms in 2023 and by an average of 4.8% in the 2024-25 period, supported mainly by a 6% growth of premiums in China in the next two years. It also forecast premiums in advanced economies (AEs) to expand by 0.4% in real terms this year and to grow by an average of 1.6% in the 2024-25 period.

In parallel, it projected the growth of non-life premiums globally to accelerate from 1.4% in real terms in 2023 to an average of 2.1% annually in the 2024-25 period. It considered that the anticipated repricing of risk by insurers in the 2023-24 period will more than offset pressures on the global demand for insurance products as a result of the slowdown in the global economy. But it expected the headwinds from weaker global GDP growth to ease in 2025, which would support demand for insurance products, amid an anticipated normalization of the insurance pricing cycle. Also, it forecast global motor, property and P&C premiums to each grow by an average of 2.6% annually in the 2024-25 period, while it projected liability and health premiums to grow by 2.3% and 1.5% annually, respectively, in the next two years.

Further, Swiss Re forecast global life premiums to grow by an average of 2.3% in real terms in the 2024-25 period compared to 1.5% in 2023. It attributed the acceleration in the growth of life premiums to higher interest rates and a growing middle class worldwide, which would support demand for savings products, such as annuities, as individuals increasingly turn to insurers for their retirement planning in the coming two years.

Source: Swiss Re

EMERGING MARKET

Growth projected at 4% in 2024, outlook subject to uncertainties

S&P Global Ratings projected the real GDP growth rate of emerging markets (EMs) to decelerate from 4.4% in 2023 to 4.1% in 2024, as it anticipated domestic demand to weaken due to the lagged impact of tighter monetary policies across the region and to the effect of elevated inflation rates on the purchasing power of households. It also expected weak economic activity in China, Europe and the United States, which are the major trading partners of EM economies, to weigh on the growth of export-oriented sectors across the region in 2024.

It projected real GDP growth in the Emerging Europe, the Middle East & Africa region to accelerate from 1.8% in 2023 to 2.5% in 2024. Also, it forecast economic activity is Emerging South East Asia to expand by 4.5% this year and by 5% next year. Further, it expected real GDP growth in Latin America to decelerate from 1.7% in 2023 to 1.2% in 2024. It also projected economic activity in EMs ex-China to grow by 3.7% this year and by 3.8% next year, and for real GDP growth in China to decelerate from 5.4% in 2023 to 4.6% in 2024, as it anticipated the property sector to face challenges amid subdued consumer and investor confidence.

In parallel, S&P considered that an escalation of the war in the Gaza Strip constitutes a major risk to the EM growth outlook due to the potential impact on global energy prices, Also, it noted that a recession in the U.S. would have significant negative implications for EMs that share strong economic ties with the U.S.. It added that additional monetary tightening by the U.S. Federal Reserve could lead to sustained capital outflows from EMs and result in pressures on the latters' exchange rates. Further, it expected that a heavy and divisive electoral agenda in the 2023-24 period in several EM countries could weigh on investments due to the lack of policy visibility.

Source: S&P Global Ratings

UAE

Economy to grow by 4% in 2024 on positive outlook

The National Bank of Kuwait anticipated the real GDP growth rate of the United Arab Emirates to decelerate from 7.9% in 2022 to 3.3% in 2023, due to lower oil production, the normalization of activity in the non-oil sector, tighter financial conditions, and a weaker global economy. But it forecast economic activity to rebound to 4% in 2024, as it projected real oil GDP to grow by 2.5% next year following a contraction of 1.7% in 2023, due to the expected reversal of oil production cuts under the OPEC+ agreement and to the scheduled increase of the country's oil output quota. It also forecast activity in the non-oil sector to moderate from 5.2% in 2023 to 4.5% in 2024, due mainly to elevated funding costs, slower credit expansion, softer real estate activity and slowing global growth. It considered that plans to raise the country's oil production capacity would support medium- to long-term growth prospects; while elevated oil prices, resilient activity in the Gulf region, and the government's efforts to achieve the goals of the UAE Vision would sustain reform momentum and strengthen economic fundamentals in the medium term.

In addition, it projected the fiscal surplus at 5.1% of GDP in 2023, given high oil prices and the phased introduction of the 9% corporate income tax from mid-2023, and at 4.4% of GDP in 2024. It also forecast the current account surplus to average about 27% of GDP in the 2023-24 period. Further, it expected that the assets of the Abu Dhabi Investment Authority and of Mubadala Investment Company, estimated at $1.1 trillion, as well as the large current account surpluses and declining public debt levels, to provide additional support for the country's strong credit ratings.

In parallel, NBK considered that key downside risks to the economic outlook include lower oil prices, a slowdown in global growth that would affect trade and investments inflows, a sharper-than-expected correction in the real estate market, as well as rising geopolitical tensions in the region that could affect investor confidence and hinder the country's efforts to attract capital and push ahead with its ambitious development plans.

Source: National Bank of Kuwait

QATAR

Economic growth to average 2.8% in 2023-25 period

The International Monetary Fund (IMF) indicated that that Qatar's economic growth has normalized in 2023 following the 2022 FIFA World Cup-driven boom. It projected real GDP growth at about 1.8% annually and for activity in the non-hydrocarbon sector to expand by 2.8% in the 2023-25 period, driven by domestic demand, including from the construction of the North Field expansion project, and by robust tourism activity. It forecast the real GDP growth rate to accelerate to about 5% annually in the medium term, supported by the expansion of liquid natural gas production and as the authorities' reform efforts to achieve the National Vision 2030, guided by the Third National Development Strategy, (NDS3) start to bear fruit. It considered that the NDS3 provides an opportunity to accelerate economic transformation towards a knowledge-based and inclusive economy that is supported by private-sector led growth. In parallel, the IMF pointed out that that broad fiscal discipline amid hydrocarbon windfalls led to sizeable fiscal surpluses and the decline of the public debt level in the 2022-23 period. It expected the authorities to sustain fiscal prudence under the upcoming 2024 budget, and noted that are developing a five-year budget, in order to support the initiatives of the NDS3. It stressed the need for authorities to accelerate the diversification of public revenues through the further mobilization of non-hydrocarbon tax receipts, to enhance spending efficiency, and to reorient public investments to facilitate private sector growth in the medium term. It considered that risks to Qatar's outlook are broadly balanced.

Source: International Monetary Fund

JORDAN

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Jordan's short- and long-term foreign and local currency issuer default ratings (IDRs) at 'B' and 'BB-', respectively, and maintained the 'stable' outlook on the long-term IDRs. It indicated that the ratings are supported by the country's record of macroeconomic stability, by the authorities' progress on fiscal and economic reforms, as well as by financing from the liquid banking sector, the public pension fund, and international support. But it noted that the ratings are constrained by the elevated public debt level, weak economic growth, a wide current account deficit and a net external debt level that is higher than the debt of similarly-rated peers, as well as risks stemming from domestic and regional politics. The agency considered that the war in the Gaza Strip has increased geopolitical risks, and expected near-term risks to the Jordanian economy to be mitigated by strong multilateral and bilateral official support, as well as by the economy's reduced exposure to food and energy price volatility and to potential supply disruptions. It anticipated that a prolonged or expanded conflict, even if the latter does not involve Jordan directly, could weaken the country's growth prospects and weigh on the authorities fiscal consolidation efforts. In parallel, Fitch said that it could downgrade the ratings if the public debt level increases in the medium term, in case of declining support from external partners and a significant rise in the external debt level, and/or if political stability or public finances sustain shocks as a result of the intensification of the war in the Gaza Strip.

Source: Fitch Ratings

IRAQ

Sovereign ratings affirmed, outlook 'stable'

Moody's Investors Service affirmed Iraq's long-term issuer ratings at 'Caa1', which is seven notches below investment grade, and maintained the 'stable' outlook on the ratings. Also, it affirmed the local and foreign country currency ceiling at 'B3' and 'Caa1', respectively. It indicated that the 'stable' outlook reflects higher global oil prices that supported Iraq's fiscal and external accounts, and led to a decline in the public debt level, as well as to the recovery of the Central Bank of Iraq's (CBI) foreign currency reserves to a record high of $101.1bn at the end June 2023. It noted that the ratings reflect Iraq's economic, fiscal, and external dependence on the hydrocarbon sector, which results in significant exposure to oil price volatility and carbon transition risks. It added that the ratings take into account the country's very weak institutions and governance, its susceptibility to geopolitical tensions, and growing social pressures from high youth unemployment and inadequate access to basic services. Further, it expected the fiscal deficit to widen in the medium term due to a gradual decline in oil prices, and projected the public debt level to increase from 44.4% of GDP at end-2022 to 60% of GDP at end-2025. It considered that the government's financing needs are likely to increase steadily in the coming years as the budget deficit widens, and that they will be mainly covered through financing and funding from the CBI and from state-owned commercial banks. In parallel, it noted that it could downgrade the ratings if risks of a government default on private sector-held debt rise, and/or in case of material disruptions to oil production.

Source: Moody's Investors Service

OMAN

Favorable economic outlook supported by oil prices and reforms

The International Monetary Fund (IMF) considered that Oman's economic outlook is favorable, supported by elevated global oil prices and the authorities' sustained reforms momentum. It projected real GDP growth to decelerate from 4.3% in 2022 to 1.3% in 2023, due to the oil production cuts under the OPEC+ agreement. It expected economic activity to rebound in 2024, supported by higher hydrocarbon production, as well as by stronger non-hydrocarbon growth as a result of recovering agricultural and construction activities and the robust services sector. It also anticipated the fiscal and current account balances to remain in surplus in the medium term, but at lower levels. But it considered that Oman's outlook is subject to elevated uncertainties, including from the volatility of oil prices, global economic and financial developments, and the potential indirect spillovers from the ongoing conflict in the Gaza Strip. In parallel, it noted that the authorities are committed to fiscal discipline and to strengthen the social safety net. It urged authorities to focus on enhancing non-hydrocarbon revenues, including through the planned tax administration reform and personal income tax on high-income earners, and to further rationalize current expenditures, mainly from phasing out untargeted energy subsidies, in line with the Medium-Term Fiscal Plan. Finally, it welcomed the authorities' progress on the implementation of the Oman Vision 2040, and encouraged reforms to promote inclusive growth and to create a more enabling business environment, including from the reforms to state-owned enterprises under the Oman Investment Authority.

Source: International Monetary Fund

EGYPT

Deteriorating operating environment affecting banking sector

Fitch Ratings downgraded the operating environment score of the National Bank of Egypt, Banque Misr, Commercial International Bank, and Banque du Caire from 'b' to 'b-', following its earlier downgrade of Egypt's sovereign ratings. It said that tight external liquidity and persisting foreign currency shortages are reducing credit demand, while elevated inflation rates and rising input costs for corporates are affecting business conditions in the non-oil sector. It considered that the overvaluation of the local currency and the slow progress on structural reforms will reduce investor confidence in the near term. As such, it expected the banking sector to post a net foreign liability position in 2024, as it did not expect a significant increase in foreign currency inflows due to weak investor confidence. Further, it indicated that regulatory forbearance on impaired loans of small- and medium-sized enterprises (SMEs) helped contain the deterioration in asset quality, but it expected asset quality to weaken in the near term. It added that SMEs are the most affected segment by the current liquidity issues, which would lead to a deterioration in credit performance in the 2023-24 period. In addition, it expected the banks' core profitability metrics to improve by at least 50 basis points (bps) in the 2023-24 period, as higher rates and yields on sovereign securities continue to support revenues. Further, it anticipated that the depreciation of the Egyptian pound will negatively affect the banks' capital ratios, as around 45% of banks' risk-weighted assets are denominated in foreign currency. It estimated that a currency depreciation of 10% would erode the banks' Common Equity Tier One (CET1) ratios by 30 bps on average, but considered that healthy internal capital generation should support the banks' CET1 ratios.

Source: Fitch Ratings

JORDAN

Agencies affirm ratings of seven banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of the Arab Bank (AB) at 'BB', the IDRs of Bank Al Etihad (BAE) and Bank of Jordan (BOJ) at 'BB-', and the rating of Jordan Ahli Bank (JAB) at 'B+'. It also maintained the 'stable' outlook on the ratings. Further, it affirmed the Viability Ratings (VRs) of AB at 'bb', the VRs of BAE and BOJ at 'bb-', and the rating of JAB at 'b+'. It indicated that the banks' IDRs are driven by their standalone credit profiles, and that their VRs are supported by their solid funding and liquidity positions. It added that the banks' VRs reflect their exposure to the challenging operating conditions in Jordan and in the other countries where they operate, due to increased geopolitical risks. Further, it pointed out that the ratings of AB and BOJ reflect their adequate capitalization, while weak capital ratios are weighing on the ratings of BAE and JAB. In parallel, Capital Intelligence Ratings affirmed the long-term foreign currency ratings of AB, BAE, Jordan Commercial Bank (JCB), the Arab Banking Corporation (Bank ABC), and the Housing Bank for Trade and Finance (HBTF) at 'B+'. It also affirmed the Bank Standalone Ratings (BSRs) of the five banks at 'b+' and maintained a 'positive' outlook on the ratings of the banks, except for the BSR of JCB that has a 'stable' outlook.

Source: Fitch Ratings, Capital Intelligence Ratings

ANGOLA

Banking sector facing significant challenges

Moody's Investors Service indicated that the 'very weak' macro profile of the Angolan banking sector reflects a challenging operating environment amid a relatively undiversified economy that remains dependent on the fluctuations of global oil prices. But it said that the depreciation of the Angolan kwanza, along with the widening of the banks' net interest margins, has boosted their earnings and led to significant increases in their profitability. It pointed out that the sector's non-performing loans ratio declined from 32.5% at the end of 2019 to 14.5% at end-June 2023. But it noted that the banks are facing additional asset quality risks, driven by an increase in impairments associated with a decline in regulatory capital ratios due to the inflationary impact of foreign currency-denominated loans on the banks' balance sheets. It indicated that the sector's capital adequacy ratio decreased from 27% at end-March 2023 to 23.4% at end-June 2023, but that it still reflects the banks' strong shock absorption capacity. Further, it noted that Angolan banks are mainly funded by customer deposits that they invest in higher-yield and risk-free government securities. Also, it pointed out that the share of foreign currency-denominated loans out of total loans declined from 43% at end-2012 to 29% at end-June 2023, although it remains an issue for banks. It considered that the banks' funding conditions are at risk due to the decision of the government to cease the regular sales of dollars in the market, which leaves oil and gas companies as the only source of foreign currency.

Source: Moody's Investors Service

NIGERIA

Authorities pledge to improve AML/CFT framework

The Financial Action Task Force, the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Nigeria made in February 2023 a high-level political commitment to work with the FATF and the GIABA to strengthen the effectiveness of its AML/CFT regime. It said that Nigeria plans to implement its FATF action plan by completing its residual money laundering and terrorism financing risk assessment (ML/TF), and by updating its national AML/CFT strategy to align it with other national strategies relevant to high-risk predicate offenses. It noted that Nigeria pledged to develop formal and informal international cooperation in line with ML/TF risks, to improve its AML/CFT risk-based supervision of financial institutions and Designated Non-Financial Businesses and Professions, and to enhance the implementation of preventive measures for high-risk sectors. Also, it pointed out that Nigeria needs to make sure that the relevant authorities will have timely access to accurate and up-to-date beneficial owner (BO) information on legal persons, and will apply sanctions for breaches of BO obligations. Further, it encouraged the authorities to increase the dissemination of information by the Financial Intelligence Unit and its use by law enforcement authorities, to proactively detect violations of currency declaration obligations, to apply appropriate sanctions, and to maintain comprehensive data on frozen, seized, confiscated and disposed assets. It called on the authorities to increase their investigations and prosecutions of TF activities and enhance cooperation on TF investigations.

Source: Financial Action Task Force

Oil prices to average $87 p/b in fourth quarter of 2023

ICE Brent crude oil front-month prices have been volatile in November, trading at between $77.4 per barrel (p/b) and $86.9 p/b. Oil prices decreased as a result of weak oil demand, mainly from China, while they increased during the month due to growing concerns over an escalation of Middle East tensions and to a drop of oil output in Kazakhstan, driven by the suspension of shipments at the Caspian Pipeline Consortium sea terminal because of unfavorable weather conditions. Further, oil prices rose by 1.7% on November 29, 2023, ahead of the OPEC+ meeting on November 30, as the market anticipated OPEC+ producers to extend supply cuts. In parallel, Jadwa Investment indicated that demand for oil products remains robust globally. It noted that there is potential for some additional OPEC oil supply increases in the near term, mainly from the UAE and Iraq, in addition to higher production from the U.S., Brazil, and Guyana. Also, it said that traders are concerned that the war in the Gaza Strip might spread to include other regional actors, with supplies from the Gulf Cooperation Council (GCC) countries could be reduced or stopped in case of attacks on oil tankers in the Strait of Hormuz or against oil facilities. It considered that the near-term oil price outlook remains dependent on events in the Levant region and possibly the broader MENA region, as an escalation of hostilities would result in a surge in oil prices beyond $100 p/b. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 30 industry analysts, to average $86.7 p/b in the fourth quarter and $83.4 p/b in full year 2023.

Source: Jadwa Investment, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts at $22.2bn in September 2023

Total oil exports from Saudi Arabia amounted to 7.1 million barrels per day (b/d) in September 2023, constituting an increase of 2.2% from 6.9 million b/d in August 2023 and a decline 23% from 9.2 million b/d in September 2022. Further, oil export receipts reached $22.2bn in September 2023, representing an increase of 6.8% from $20.8bn in August 2023 and a decrease of 17.1% from $26.7bn in September 2022.

Source: JODI, General Authority for Statistics, Byblos Research

OPEC oil output stable in October 2023

Member countries of OPEC, based on secondary sources, produced an average of 27.9 million barrels of oil per day (b/d) in October 2023, constituting an increase of 0.3% from 27.82 million b/d in September 2023. On a country basis, Saudi Arabia produced 9 million b/d, or 32.2% of OPEC's total output, followed by Iraq with 4.3 million b/d (15.5%), Iran with 3.1 million b/d (11.2%), the UAE with 2.9 million b/d (10.5%), and Kuwait with 2.6 million b/d (9.2%).

Source: OPEC

Middle East demand for gold bars and coins up 31.5% in first nine months of 2023

Net demand for gold bars and coins in the Middle East totaled 89.5 tons in the first nine months of 2023, constituting a rise of 31.5% from 68.1 tons in the same period of 2022. Demand for gold bars and coins in Iran reached 35.6 tons and accounted for 39.8% of the region's total demand in the first nine months of 2023. Egypt followed with 24.9 tons (27.8%), then Saudi Arabia with 10.6 tons (11.8%), the UAE with 8.3 tons (9.3%), and Kuwait with 3.9 tons (4.4%).

Source: World Gold Council, Byblos Research

Base Metals: Nickel prices to average $19,000 per ton in fourth quarter of 2023

The LME cash price of nickel averaged $21,973 per ton in the first 11 months of 2023, constituting a decrease of 15.4% from an average of $25,981 a ton in the same period of 2022, due to global macroeconomic concerns, financial market turbulence, and monetary tightening. Also, nickel prices dropped to less than $16,000 per ton for the first time in more than two years and reached $15,907 a ton on November 24, 2023, due to elevated nickel supply amid weaker demand from the stainless steel sector. However, prices surged to $16,899 per ton on November 29 of this year as the London Metal Exchange (LME) won a legal battle with U.S. financial firms as the latter had demanded $472m in compensation after the LME cancelled billions of dollars in nickel trades last year following a surge in prices. In parallel, Citi Research anticipated the global supply of nickel at 3.49 million tons in 2023, which would constitute an increase of 14% from 3.06 million tons in 2022. Also, it forecast the global demand for nickel at 3.18 million tons in 2023, which would represent a rise of 7% from 2.98 million tons in 2022. It anticipated the global supply of nickel to continue to outpace demand in 2023, and for the surplus in the market to increase from 85,000 tons in 2022 to 308,000 tons in 2023. It indicated that the prospects of a slowdown in global economic activity, in addition to another year of oversupply in the primary nickel market in 2024, would put downward pressure on nickel prices, as it expected the production of nickel in Indonesia to increase next year. Further, it projected nickel prices to average $19,000 per ton in the fourth quarter of 2023 and $21,945 a ton in full year 2023.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,980 per ounce in fourth quarter of 2023

Gold prices averaged $1,934.5 per troy ounce in the first 11 months of 2023, constituting an increase of 7.3% from an average of $1,803 an ounce in the same period of 2022. The increase in prices was mainly due to the escalation of tensions in the Middle East and increased demand by the People's Bank of China. Further, gold prices reached $2,041.4 on November 29, 2023, constituting their highest level since they stood at $2,047 an ounce on May 4, 2023, due mainly to the weakening of the US dollar exchange rate and the decline in U.S. Treasury yields amid the U.S. Federal Reserve's decision to maintain interest rates at their current level in its latest meeting, which has reinforced the appeal of the metal as a hedge against downward pressure on the US dollar exchange rate. In parallel, the World Gold Council indicated that October marked the fifth consecutive month of net outflows from physically-backed gold exchange traded funds (ETFs). It noted that outflows from gold-backed ETFs reached 27.5 tons in North America in October 2023, followed by outflows of 11.3 tons in Europe, which has offset inflows into gold-backed ETFs of 1.3 tons in Asia. As such, it pointed out that global net outflows from gold ETFs totaled 36.6 tons in October 2023. It indicated that the holdings of global gold-backed ETFs dipped from 3,281.7 tons in September 2023 to 3,245.3 in October 2023, which has also supported the recent rise in the metal's price. In addition, Citi Research forecasts gold prices to average $1,980 per ounce in the fourth quarter of 2023 and $2,050 an ounce in full year in 2023.

Source: S&P Global Market Intelligence, World Gold Council, Citi Research, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- 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	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- 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	29-Nov-23	No change	28-Feb-24
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-Nov-23	No change	20-Dec-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	30-Nov-23	No change	N/A
Malaysia	O/N Policy Rate	3.00	02-Nov-23	No change	24-Jan-24
Thailand	1D Repo	2.50	29-Nov-23	No change	07-Feb-24
India	Repo Rate	6.50	06-Oct-23	No change	08-Dec-23
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	40.00	23-Nov-23	Raised 500bps	21-Dec-23
South Africa	Repo Rate	8.25	23-Nov-23	No change	25-Jan-24
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	04-Dec-23
Ghana	Prime Rate	30.00	27-Nov-23	No change	N/A
Angola	Base Rate	18.00	21-Nov-23	Raised 100bps	N/A
Mexico	Target Rate	11.25	09-Nov-23	No change	14-Dec-23
Brazil	Selic Rate	12.25	01-Nov-23	Cut 50bps	13-Dec-23
Armenia	Refi Rate	9.75	31-Oct-23	No change	12-Dec-23
Romania	Policy Rate	7.00	08-Nov-23	No change	12-Jan-24
Bulgaria	Base Interest	3.64	27-Nov-23	Raised 11bps	29-Dec-23
Kazakhstan	Repo Rate	15.75	24-Nov-23	Cut 25bps	19-Dec-24
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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