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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Trade-facilitating measures cover $977bn of trade merchandise

The World Trade Organization (WTO) indicated that WTO members have put in place 740 new trade-related measures between mid-October 2022 and mid-October 2023, compared to 292 measures between mid-October 2022 and mid-May 2023. It added that 303 of these measures were trade-facilitating measures, while 193 were trade-restrictive measures on goods. It noted that countries imposed on average of 16.1 trade-restrictive measures per month between mid-October 2022 and mid-October 2023, down from 18.9 measures per month between mid-October 2021 and mid-October 2022. The distribution of new trade-restrictive measures shows that export-related restrictions represented 51.3% of total measures, while import-related restrictions accounted for 48.2% of the total during the covered period. In addition, WTO members introduced on average 25.3 new trade-facilitating measures per month between mid-October 2022 and mid-October 2023, down from 33.8 monthly measures between mid-October 2021 and mid-October 2022. Import-related measures accounted for 77.6% of trade-facilitating procedures, while export-related measures represented the remaining 21.8% in the covered period. It pointed out that trade-facilitating measures covered an estimated $977.2bn of global trade, while trade-restrictive measures covered an estimated $337.1bn of trade merchandise between mid-October 2022 and mid-October 2023. Also, WTO members initiated on average 12.1 trade-remedy measures per month, while they ended an average of 8.3 trade-remedy measures per month during the covered period. It added that trade remedy actions accounted for 33% of all non-COVID-19-related trade measures on goods recorded between mid-October 2022 and mid-October 2023. Moreover, WTO members have put in place 255 trade-facilitating and 203 trade-restrictive measures that are related to the COVID-19 virus in the covered period.

Source: World Trade Organization

EMERGING MARKETS

Trading in Credit Default Swaps at $331bn in third quarter of 2023

Trading in emerging markets Credit Default Swaps (CDS) reached $331bn in the third quarter of 2023, constituting a decrease of 13.4% from $382bn in the same quarter of 2022 and an increase of 54% from $215bn in the second quarter of 2023. The most frequently traded sovereign CDS contracts in the third quarter of 2023 were those of South Africa at $35bn, followed by China at $29bn, and Türkiye at $27bn. As such, traded sovereign CDS contracts on South Africa accounted for about 10.6% of the trading volume in emerging markets CDS in the third quarter this year, followed by CDS contracts on China (8.8%), and Türkiye (8.2%). In addition, the most frequently traded corporate CDS contracts in the covered quarter were those of Mexico's state-oil company Pemex at about $3bn, which accounted for about 1% of total trading in emerging markets CDS. The survey covered data on CDS contracts for 23 emerging economies and nine emerging market corporate issuers from 11 major international banks and broker-dealers.

Source: EMTA

MENA

Remittance inflows down 6% to $63.2bn in 2023

The World Bank estimated remittance inflows to Arab countries at $63.2bn in 2023, constituting a decrease of 5.7% from $67bn in 2022, compared to a contraction of 4.5% in 2022 and rises of 14.8% in 2021 and 4.2% in 2020. Further, inflows to Arab countries accounted for 7.3% of global remittance flows and for 9.4% of remittances to developing economies in 2023. The Arab region was the second-smallest recipient among developing markets, behind only Sub-Saharan Africa ($53.9bn). Also, remittance inflows to Arab countries, along with flows to Europe and Central Asia, posted the only declines in 2023 among developing economies. In parallel, Egypt was the largest Arab recipient of remittances with $24.2bn or 38.3% of the total in 2023, followed by Morocco with $12.1bn (19.2%), Lebanon with $6.4bn (10%), Jordan with $4.9bn (7.8%), and Palestine with $3.8bn (6%); while the remaining Arab countries received $11.8bn in remittances, or 18.6% of the total. Remittance inflows to Qatar surged by 16.3% in 2023, followed by flows to Morocco (+8.6%), to Algeria (+6.7%), Djibouti, (+6%), Iraq (+4.8%), Kuwait (+3.7%), and Jordan (+0.6%); while remittance inflows to the rest of the Arab economies declined by 11.8% in 2023. Further, remittance inflows to Lebanon were equivalent to 27.5% of GDP in 2023, the fourth highest ratio in the world, followed by Yemen at 18% of GDP, Jordan at 10% of GDP, Morocco at 8.2% of GDP, and Egypt at 6.1% of GDP. Remittance inflows to Arab countries excluding Palestine are equivalent to about 2.27% of the region's GDP in 2023.

Source: World Bank, Byblos Research

QATAR

Profits of listed firms down 8% to $11bn in first nine months of 2023

The net income of 50 companies listed on the Qatar Stock Exchange totaled QAR37.47bn, or $10.27bn in the first nine months of 2023, constituting a decrease of 7.7% from QAR40.58bn ($11.08bn) in the same period of 2022. Earnings stood at QAR12.54bn or $3.4bn in the first quarter, at QAR11.7bn ($3.2bn) in the second quarter, and QAR12.52bn ($3.4bn) in the third quarter of the year. Banking & financial services firms generated net profits of $6bn in the first nine months of 2023 and accounted for 58.5% of the earnings of publicly-listed firms. Industrial companies followed with $1.92bn, or 18.7% of the total, then telecommunications firms with $837.4m (8.2%), transportation companies with $610.2m (6%), real estate firms with $342.5m (3.3%), consumer goods & services providers with $313.5m (3.1%) and insurers with $234m (2.3%). Further, the net earnings of listed insurers surged by 335% in the first nine months of 2023 from the same period last year, followed by the profits of telecommunications firms (+26.4%), banking & financial services providers (+4.7%), and transportation companies (+3.5%). In contrast, the net income of industrial companies decreased by 41% in the first nine months of 2023 from the same period last year, followed by the earnings of consumer goods & services (-33%), and real estate firms (-4.1%).

Source: KAMCO, Byblos Research

OUTLOOK

EMERGING MARKETS

Region's economies facing multiple risks in 2024

S&P Global Ratings considered that the major risks facing emerging markets (EMs) in 2024 consist of an extended period of high global interest rates amid increasing refinancing risks; the potential for further inflationary pressures; a sharper-than-expected downturn in major advanced economies such as China, the Eurozone and the U.S. that would impede global trade; and increased pressure on corporate fundamentals in case of weakening economic activity and rising financing costs. It added that debt refinancing risks will weigh on EM economies, given that substantial debt maturities will come due this year and will peak in 2025. In addition, it expected geopolitical tensions and difficult domestic sociopolitical conditions to erode credit fundamentals in several EM countries; while it anticipated that deepening concerns about the Chinese property sector, weak confidence, and elevated debt levels to slow the growth momentum in China this year. It noted that uncertainties across commodity markets will remain high in light of the recent OPEC+ oil production cuts and geopolitical risks, and that weak global demand may keep oil prices at relatively subdued levels of $70 to $80 per barrel. It added that climate risks and high adaptation costs represent a secular risk to EM economies.

In parallel, the agency projected the real GDP growth rate of EMs excluding China at 3.8% in 2024, down from the 10-year pre-pandemic annual average of 4.7%, due to subdued external demand and to tight monetary policies worldwide. Also, it expected the disinflation trend in EM economies to continue in the coming quarters, and attributed the lower inflation rates to moderating global food and energy prices.

In addition, S&P expected that the external balances of countries in EM Asia will remain stable in 2024 in case of lower global energy prices, recovering tourism activity, and stable net international trade, and in the absence of energy price shocks. Also, it anticipated that shifting expectations about the U.S. Federal Reserve's policy will influence the magnitude of interest rate cuts by central banks in Latin America. Further, it considered that the outlook for Emerging Europe, the Middle East & Africa is mixed, as it said that Central & Eastern Europe is recovering slowly, while external shocks remain a risk to the outlook of other economies in the region.

Source: S&P Global Ratings

MENA

War escalation to have material impact on sovereigns

Moody's Investors Service considered in its baseline scenario about the impact of the war in the Gaza Strip on the economies of the region that the conflict will be confined within and around the Gaza Strip and Israel. It said that spillovers to the broader Middle East region have not been material so far, and that financing conditions have tightened modestly. It noted that weaker tourism prospects and a decline in export of liquefied natural gas will widen Egypt's current account deficit and increase its external financing needs. It added that the conflict has had a limited impact on global energy markets so far, and projected Brent oil prices at $80 per barrel (p/b) to $90 p/b in the medium term.

Under its downside scenario of a multi-front proxy war, it anticipated a wider, longer and more severe military conflict to weaken the asset quality of banks in Jordan that have exposure to the West Bank. Also, it expected the escalation of the war to significantly affect the infrastructure and trade of neighboring countries.

Further, the agency considered that its adverse downside scenario, which consists of the escalation of the war into a prolonged regional conflict, would have a more significant impact on Middle East sovereigns. Under this scenario, it expected that a blockade or material disruption of maritime trade through the Strait of Hormuz would disrupt about 25% of global oil and gas shipments and would result in Brent oil prices jumping temporarily to $140 p/b before regressing to $120 p/b for the duration of the conflict. It added that energy exporters with no alternative routes to the Strait like Bahrain, Iraq, Kuwait and Qatar would be the most affected, but that fiscal buffers will limit the impact for Kuwait and Qatar. Also, it forecast financial conditions in the Middle East to tighten significantly, with a rise in credit spreads across the region and of capital outflows from lower-rated sovereigns with significant external financing needs. Further, under this scenario, it expected Israel, Egypt and Lebanon to be severely impacted; while it considered that Jordan would likely be more resilient due to its larger external buffers and proven track record in managing large shocks. It added that other Middle East sovereigns will be affected to varying degrees, depending on the exposure and duration of the widened conflict. It noted that lower trade and tourism, along with weaker consumer and investor sentiment, would hit economies and companies across the region.

Source: Moody's Investors Service

EGYPT

Economy facing multiple challenges in 2024

Deutsche Bank projected Egypt's real GDP growth rate to accelerate from 3.8% in the fiscal year that ended in June 2023 to 4% in FY2023/24 on the back of foreign direct investment inflows as a result of progress on the sale of state assets, and despite slower domestic demand and lower investments in the government's mega-projects. It forecast real GDP growth at 5% in FY2024/25, in case of a rebound in domestic demand and by further progress on the divestment of state assets, which would unlock investment flows to the private sector.

In parallel, it expected that a new round of exchange rate devaluation will take place around the time of the completion of the International Monetary Fund's reviews in early 2024, amid the significant widening of the spread between the parallel market rate and the official exchange rate. As such, it expected the Central Bank of Egypt to raise interest rates by 400 basis points to 23.35% in 2024 to contain inflationary pressures from additional pass-through effects from the devaluation of the exchange rate.

Further, it projected the government's fiscal deficit to widen significantly from 6% of GDP in FY2022/23 to 8.5% of GDP in FY2023/24, due mainly to higher debt servicing given the country's elevated interest rates and rollover needs. Also, it anticipated the current account deficit to widen from 1.2% of GDP in FY2022/23 to 3.4% of GDP in FY2023/24, due to the expected recovery in imports, as well as to the impact of the conflict in the Gaza Strip on tourism revenues and energy exports.

Source: Deutsche Bank

ECONOMY & TRADE

GCC

Gross public foreign assets projected at $4.4 trillion in 2024

The Institute of International Finance (IIF) projected the consolidated gross public foreign assets of Gulf Cooperation Council (GCC) countries at $4.4 trillion by the end of 2024, supported by continued current account surpluses that it projected at $146bn this year for the region. It forecast the consolidated foreign liabilities of GCC economies at around $1 trillion, which will result in an aggregate net foreign assets position of $3.4 trillion in 2024. Further, it pointed out that 75% of public foreign assets are managed by the countries' sovereign wealth funds and include diversified portfolios of public equities and fixed income securities, while the remaining 25% are in the form of official reserves and foreign assets of commercial banks. It said that the distribution of the GCC countries' investments show that equities accounted for 35% of the total in 2022, followed by bank deposits with 22%, foreign direct investments with 17%, bonds with 10%, and U.S. Treasury securities with 7%, while other asset classes that include investments in non-U.S. bonds and hedge funds represented the balance of 9%. It noted that 65% of the investments are in North America and Europe, 20% in the Asia Pacific region, 10% in other Middle East and North Africa countries, and 5% in Sub-Saharan Africa and Latin America. It added that the US dollar represents about 80% of the currency composition of the GCC's public foreign assets.

Source: Institute of International Finance

SAUDI ARABIA

Sovereign ratings affirmed, outlook 'positive'

Capital Intelligence Ratings affirmed Saudi Arabia's short- and long-term foreign and local currency ratings at 'A1/A+', and maintained the 'positive' outlook on the long-term ratings. It attributed the affirmation of the ratings to a very strong external liquidity position, supported by ongoing current account surpluses, a strong net external creditor position, as well as good access to international capital markets. It added that the ratings reflect the country's strong public finances, underpinned by the low debt level of the central government and limited gross financing needs, as well as sizeable oil reserves, a sound banking sector, and large fiscal and external buffers, which help absorb external shocks. But it noted that the ratings remain constrained by the limited diversification of the economy and the structure of budget revenues, as well as by relatively high policy risks and substantial geopolitical risks. It considered that the authorities' commitment to implementing reforms as part of Saudi Vision 2030 would help diversify the economy, as well as reduce its dependence on hydrocarbons and the vulnerability of the public and external finances to oil price volatility. It projected the budget deficit to average 1.4% of GDP in the 2024-25 period, driven by fiscal discipline. Further, it said that risks to the fiscal outlook are tilted to the downside and include risks to the global economy, higher-than-expected and prolonged production cuts by OPEC+ coalition, and the tightening of global financial conditions. Moreover, it noted that it could upgrade the ratings if economic and fiscal performance in the medium term is stronger-than-expected, and if the government significantly reduces its reliance on hydrocarbon revenues.

Source: Capital Intelligence Ratings

ETHIOPIA

Agencies downgrade ratings on default on sovereign obligations

S&P Global Ratings downgraded Ethiopia's short- and long-term foreign currency sovereign ratings from 'C/CCC' to 'Selective Default' (SD), as the government did not fulfill its debt service obligations within the grace period, which it considered to be a default on its external commercial debt. It noted that sizable external debt repayments amid limited foreign currency reserves, along with civil conflict and delays to securing a program with the International Monetary Fund, raised Ethiopia's external vulnerabilities in the run-up to the default. In parallel, Fitch Ratings downgraded Ethiopia's long-term foreign currency issuer default rating, as well as the issuer rating on Ethiopia's single outstanding Eurobond from 'CC' to 'C'. It attributed the downgrade to the government's inability to make the $33m coupon payment on Ethiopia's single outstanding $1bn Eurobond by the due date. It considered the failure to make the coupon payment to be the beginning of a sovereign default. It noted the material decline in external liquidity, significant external financing gaps, and the government's participation in the G20 Common Framework debt relief initiative. Further, the two agencies said that the government reached an agreement with its official bilateral creditors on a suspension of debt servicing due from January 1, 2023 to December 31, 2024. S&P indicated that the agreements could yield potential savings of up to $2.1bn from the deferment of debt service obligations in the fiscal years that will end in June 2024 and June 2025.

Source: S&P Global Ratings, Fitch Ratings

ANGOLA

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Angola's long-term local and foreign-currency issuer default ratings at 'B-', which is six notches below investment grade, and maintained the outlook on the ratings at 'stable'. It indicated that the ratings are supported by a significant level of foreign currency reserves relative to peers, current account surpluses, and manageable debt repayment risks due to a still supportive oil price environment in the next two years. But it noted that the country's weak governance indicators, elevated inflation rates, high level of foreign-currency denominated government debt, and significant reliance on commodities are weighing on the sovereign ratings. It indicated that the significant shortages of foreign currency in the domestic market continued in the second half of 2023, following the 35% depreciation of the Angolan kwanza last June. It estimated the exchange rate of the kwanza to depreciate from AOA848 per US dollar at end-2023 to AOA960 per dollar at end-2024, and anticipated it to further depreciate in case of foreign currency shortages. Also, it forecast international reserves at the Banco Nacional de Angola to increase modestly from $14.5bn at end-2023 to $15.2bn at end-2025, as it expected significant foreign currency outflows due to the coverage of the import bill, profit repatriation of oil companies, sizeable external debt repayments, and the accumulation of balances in a Chinese escrow accounts, to largely offset the current account surplus. In parallel, it indicated that it could upgrade the ratings if external refinancing risks recede, if levels of governance significantly improve, if the inflation rate declines, or if Angola's monetary policy-making and foreign-currency management improves.

Source: Fitch Ratings

BANKING

UAE

Aggregate earnings of banks up 42% on higher interest income

Regional investment bank EFG Hermes indicated that the aggregate net income of First Abu Dhabi Bank, Emirates NBD, Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Commercial Bank of Dubai, RAKBank, Sharjah Islamic Bank, and United Arab Bank stood at AED48.15bn in the first nine months of 2023, constituting an increase of 41.3% from the same period of 2022, mainly due to elevated revenues that outpaced the increase in expenses. It pointed out that the aggregate net interest income of the banks increased by 34.3% and non-interest income rose by 38% in the first nine months of 2023 from the same period last year. It added that the aggregate cost of risk decreased by 22 basis points in the covered period, driven by a supportive macroeconomic environment, improving credit quality metrics, and improving economic activity. Further, it expected the net income of UAE banks to decrease by 4% in 2024, due to the introduction of a 9% corporate tax on the net profits of banks starting in 2024, as well as to a potential cyclical deterioration in asset quality, mainly in the retail, real estate, and small- and medium-sized enterprises segments. In addition, it indicated that UAE banks continue to be liquid, as their average loans-to-deposits ratio stood at 71% at the end of September 2023. In parallel, it considered that the banks' net interest margins in 2024 will depend on possible cuts in U.S. interest rates and on competition in the corporate and retail segments.

Source: EFG Hermes

NIGERIA

Credit risk assessment maintained

S&P Global Ratings maintained Nigeria's banking sector in 'Group 10' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '10' and an industry risk score of '9'. The BICRA framework evaluates banking systems based on economic and industry risks facing banks, with 'Group 10' including the riskiest banking sectors. Other countries in 'Group 10' consist of Belarus, Bolivia, Egypt, Tunisia, and Ukraine. It indicated that the banking sector is exposed to the performance of the oil and gas sector, given the banks' significant exposure to the industry. It said that Nigeria's economic risk score reflects its "extremely high risks" in economic resilience and credit risk in the economy, as well as its "high risks" in economic imbalances. It expected the banking sector's non-performing loans ratio to decrease to less than 5% in the 2023-24 period, due to the effect of the currency's depreciation on gross loans. It projected credit losses to rise from 1.2% of total loans in 2022 to 3.5% of loans in 2023 and to 2% in 2024, driven by high interest and inflation rates, and by the depreciation of the local currency. Further, it pointed out that the industry score reflects the country's "extremely high risks" in its institutional framework, "very high risks" in its system-wide funding, and "high risks" in its competitive dynamics. It considered that Nigerian banks are primarily deposit-funded, and anticipated the loans-to-deposits ratio to increase from 94.6% at end-2022 to 120% at end-2023 and 121.5% at end-2024, as it expected lending growth to continue to outpace the accumulation of deposits. It indicated that the trend for the banking sector's economic and industry risks are "stable".

Source: S&P Global Ratings

ARMENIA

Banks' capital adequacy ratio at 20% at end-August 2023, NPLs ratio at 2.8%

The International Monetary Fund indicated that the Armenian banking sector benefits from a high level of capitalization, comfortable liquidity levels, and a relatively low level of non-performing loans (NPLs). It pointed out that the banks' capital adequacy ratio stood at 20.2% at end-August 2023, well above the minimum regulatory requirement of 11%. It noted that the banks' liquid assets were equivalent to 35% of aggregate assets at end-August 2023 compared to 37% of assets at end-2022 and 32% at end-2021, and were equivalent to 100.5% of short-term liabilities at end-August 2023 relative to 102.4% at end-2022 and 122.7% at end-2021. It said that 40% of banks' liquid assets are in cash and deposits, and that about 40% consist of placements in government bonds. Also, it indicated that the ratio of customer deposits to loans was 124.7% at end-August 2023 compared to 136% at end-2022 and 119.7% at end-2021. It added that the banking sector's NPLs ratio regressed from a peak of 7% at end-March 2021 to 2.8% at end-August 2023. Further, it pointed out that the profitability of Armenian banks has been supported by gains from foreign currency transactions and by low provisioning needs, but it noted that the sector's return on equity was 20% in August 2023 on an annualized basis compared to 28% in 2022, while the banks' return on assets was 3.1% in August 2023 relative to 4.1% in 2022. Further, it considered that the increase in mortgages and lending to the construction sector poses risks to the financial sector amid rising real estate prices.

Source: International Monetary Fund

OMAN

Agency upgrades ratings of six banks following similar action on the sovereign

Moody's Investors Service upgraded the long-term local and foreign currency deposit ratings of Bank Dhofar, Bank Muscat, Bank Nizwa, the National Bank of Oman (NBO), Oman Arab Bank (OAB), and Sohar International Bank (SIB) from 'Ba2' to 'Ba1'. Also, it revised the outlook on the long-term deposit ratings of the six banks from 'positive' to 'stable'. Further, it upgraded the Baseline Credit Assessments (BCA) of Bank Muscat from 'ba2' to 'ba1' and the BCA of Bank Nizwa from 'b1' to 'ba3', while it affirmed the BCAs of Bank Dhofar, NBO, OAB, and SIB at 'ba3'. It attributed its decision to its similar action on the sovereign ratings. Further, it indicated that the banks benefit from a high probability of government support in case of need. It also noted that the deterioration in the asset quality of Bank Dhofar NBO, OAB, and SIB is weighing on their ratings, while solid asset quality is supporting the ratings of Bank Muscat. In addition, it said that the ratings of Bank Muscat, Bank Dhofar, Bank Nizwa, and SIB are underpinned by their sound capitalization, while the ratings of NBO and OAB are constrained by their modest capital ratios. It pointed out that the ratings of Bank Dhofar, Bank Muscat, NBO, and SIB take into account their healthy profitability metrics. It indicated that the ratings of NBO and SIB are supported by their adequate liquidity buffers, and added that modest liquidity ratios are weighing on the ratings of Bank Dhofar, Bank Muscat, Bank Nizwa and OAB.

Source: Moody's Investors Service

Oil prices to average $83 p/b in first quarter of 2024

ICE Brent crude oil front-month prices averaged $82.2 per barrel (p/b) in 2023, constituting a decrease of 17% from $99 p/b in 2022, mainly due to concerns about lower demand for oil globally that outweighed the prospect of tighter supply from major oil-producing countries. Further, oil prices have been volatile in 2023, trading at between $71.8 p/b and $96.6 p/b due to monetary tightening by major central banks in advanced economies, worries about weaker oil demand, as well as to rising geopolitical tensions and mounting risks of conflict in the Middle East. In parallel, Julius Bär expected oil prices to trade at around $70 p/b in 2024, as it anticipated ample global oil supply given that the oil market has sufficient spare capacity, despite the extension of oil production cuts by the OPEC+ coalition. Also, it expected global oil demand to decrease in the near- to medium term, in case the energy transition accelerates. Further, it considered that non-OPEC oil production should grow by almost 1 million barrels per day (b/d) in 2024 and said that oil demand from the Western world should continue to decline by up to 0.5 million b/d. Also, it considered that there are three scenarios for oil prices this year. In its first scenario, it said that a stronger-than-expected oil demand in the near term would imply higher oil prices. In its second scenario, it expected the unwinding of output cuts to push the global oil market into oversupply, which would lead to a decrease in oil prices and a decline in U.S. oil production in the long term. In its third scenario, it expected Saudi Arabia to maintain its voluntary output cuts, helped by geopolitical tensions and temporary increases in oil prices. In parallel, Refinitiv projected oil prices, through its latest crude oil price poll of 34 industry analysts, to average $82.7 p/b in the first quarter of 2024.

Source: Julius Bär, Refinitiv, Byblos Research

OPEC oil output stable in November 2023

Member countries of OPEC, based on secondary sources, produced an average of 27.84 million barrels of oil per day (b/d) in November 2023, constituting a decrease of 0.2% from 27.9 million b/d in October 2023. On a country basis, Saudi Arabia produced 9 million b/d, or 32.3% of OPEC's total output, followed by Iraq with 4.28 million b/d (15.4%), Iran with 3.13 million b/d (11.2%), the UAE with 2.91 million b/d (10.5%), and Kuwait with 2.57 million b/d (9.2%).

Source: OPEC

Global steel output up 5% in November 2023

Global steel production reached 145.5 million tons in November 2023, constituting a decrease of 3% from 150 million tons in October 2023 and an increase of 4.6% from 139.1 million tons in November 2022. Production in China totaled 76.1 million tons and accounted for 52.3% of global steel output in November 2023, followed by production in India with 11.7 million tons (8% of the total), Japan with 7.1 million tons (4.9%), the U.S. with 6.6 million tons (4.5%), Russia with 6.4 million tons (4.4%), and South Korea with 5.4 million tons (3.7%).

Source: World Steel Association, Byblos Research

ME&A's oil demand estimated to grow by 3.2% in 2023

The Organization of Petroleum Exporting Countries (OPEC) expected the consumption of crude oil in the Middle East & Africa to average 13.11 million barrels per day (b/d) in 2023, which would constitute a rise of 3.2% from 12.7 million b/d in 2022. The region's demand for oil would represent 23.3% of demand in non-OECD countries and 12.8% of global consumption in 2023.

Source: OPEC

Base Metals: Nickel prices to average $17,417 per ton in first quarter of 2024

The LME cash price of nickel averaged $21,504.9 per ton in 2023, constituting a decrease of 18% from an average of $26,239 a ton in 2022. Prices averaged $26,033.4 per ton in the first quarter of 2023, and then declined to $22,333 a ton in the second quarter due to global macroeconomic concerns, financial market turbulence, and monetary tightening. Prices continued to fall to $20,395.7 per ton in the third quarter, and reached $17,257.3 in the fourth quarter of 2023, driven by a stronger US dollar and increased production of nickel by Indonesia, the world's top nickel producer. In parallel, S&P Global Market Intelligence projected the primary supply of nickel at 3.7 million tons in 2024, which would constitute an increase of 10.2% from 3.4 million tons in 2023, relative to 3 million tons in 2022. Also, it forecast the primary use for nickel at 3.5 million tons in 2024, which would represent a rise of 10.3% from 3.2 million tons in 2023, compared to 2.9 million tons in 2022. As such, it projected the nickel market to post a surplus of 240,000 tons in 2024. It forecast the nickel market to remain in surplus through 2027, despite increased demand for electric vehicles, given the level of output and the expected economic weakness. Further, S&P forecast nickel prices to average $17,416.5 per ton in the first quarter of 2024, with a low of $16,711 a ton and a high of $19,004 per ton during the covered period.

Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $945 per ounce in first quarter of 2024

Platinum prices averaged $966.6 per troy ounce in 2023, constituting an increase of 0.6% from an average of $960.7 an ounce in 2022. Prices averaged $994.7 per ounce in the first quarter of 2023, and then increased to $1,025.8 an ounce in the second quarter, due to strong demand amid weak supply as a result of the shortages of electricity supply at major producers in South Africa. Platinum prices declined to $931.4 per ounce and $915.8 an ounce in the third and fourth quarters of 2023, respectively, mainly driven by the expected slowdown in global economic activity and further interest rate hikes by the U.S. Federal Reserve. In parallel, the World Platinum Investment Council projected global demand for platinum to reach 7.7 million ounces in 2024 and to decrease by 6% from 8.2 million ounces in 2023. Also, it forecast the global supply of platinum to rise from 7.1 million ounces in 2023 to 7.3 million ounces in 2024, or by 3%, with mine output representing 78.6% of global refined platinum production in 2024. In addition, it anticipated platinum prices to increase in 2024, as the metal's market is expected to remain in deficit. It forecast the metal's market deficit to narrow from 1.1 million ounces in 2023 to 353,000 ounces in 2024, as it expected the global supply of platinum to continue to outpace demand for the metal in 2024. Further, S&P Global Market Intelligence projected platinum prices to average $944.5 per ounce in the first quarter of 2024, with a low of $900 an ounce and a high of $1,000 per ounce in the covered period. But future contracts are pointing to a price $1,109.3 per ounce at the end of March 2024.

Source: S&P Global Market Intelligence, World Platinum Investment Council, 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- Stable	Caa1 Stable	B- Stable	B Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	SD -	Caa3 Stable	C -	-	-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	Ba1 Stable	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 (%)
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 Positive	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	13-Dec-23	No change	31-Jan-24
Eurozone	Refi Rate	4.50	14-Dec-23	No change	25-Jan-24
UK	Bank Rate	5.25	14-Dec-23	No change	02-Feb-24
Japan	O/N Call Rate	-0.10	19-Dec-23	No change	23-Jan-24
Australia	Cash Rate	4.35	05-Dec-23	No change	06-Feb-24
New Zealand	Cash Rate	5.50	29-Nov-23	No change	28-Feb-24
Switzerland	SNB Policy Rate	1.75	14-Dec-23	No change	21-Mar-24
Canada	Overnight rate	5.00	26-Dec-23	No change	24-Jan-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Dec-23	No change	22-Jan-24
Hong Kong	Base Rate	5.75	14-Dec-23	No change	N/A
Taiwan	Discount Rate	1.875	14-Dec-23	No change	N/A
South Korea	Base Rate	3.50	30-Nov-23	No change	11-Jan-24
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	08-Dec-23	No change	08-Feb-24
UAE	Base Rate	5.40	13-Dec-23	No change	N/A
Saudi Arabia	Repo Rate	6.00	13-Dec-23	No change	N/A
Egypt	Overnight Deposit	19.25	21-Dec-23	No change	01-Feb-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	42.50	21-Dec-23	Raised 250bps	25-Jan-24
South Africa	Repo Rate	8.25	23-Nov-23	No change	25-Jan-24
Kenya	Central Bank Rate	12.50	05-Dec-23	Raised 200bps	N/A
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	N/A
Ghana	Prime Rate	30.00	27-Nov-23	No change	29-Jan-24
Angola	Base Rate	18.00	21-Nov-23	Raised 100bps	19-Jan-24
Mexico	Target Rate	11.25	14-Dec-23	No change	N/A
Brazil	Selic Rate	11.75	13-Dec-23	Cut 50bps	N/A
Armenia	Refi Rate	9.25	12-Dec-23	Cut 25bps	30-Jan-24
Romania	Policy Rate	7.00	08-Nov-23	No change	12-Jan-24
Bulgaria	Base Interest	3.80	28-Dec-23	Raised 16bps	31-Jan-24
Kazakhstan	Repo Rate	15.75	24-Nov-23	Cut 25bps	19-Jan-24
Ukraine	Discount Rate	15.00	14-Dec-23	Cut 100bps	15-Jan-24
Russia	Refi Rate	16.00	15-Dec-23	Raised 100bps	16-Feb-24

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