750 ISSUES+
Issue 791 | February 8, 2024

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate debt of $12 trillion due in 2024-28 period

S&P Global Ratings indicated that $12.34 trillion (tn) in rated corporate debt will mature during the 2024-28 period. It noted that $2tn in corporate debt are due in 2024, $2.5tn mature in 2025, $2.8tn are payable in 2026, $2.4tn come due in 2027, and $2.7tn have to be settled in 2028. The geographic distribution of debt maturities shows that the U.S. has $5.8tn in corporate debt that is due between January 2024 and end-2028, or 46.7% of the total, followed by the debt of European companies with $4.6tn (37.4%), and of emerging markets with $371.2bn (3%), while the rest of the world has $1.6tn in maturing debt (13%). Also, it noted that $9tn in investment-grade corporate debt, or 73% of the due debt, matures during the covered period. It added that the maturing debt of non-financial companies stands at $7.7tn and accounts for 62.1% of the due debt in the 2024-28 period. Further, the debt of consumer product firms that is due totals $794.4bn and accounts for 10.4% of maturing non-financial corporate debt, followed by the debt of utilities companies with $752.4bn (9.8%), the healthcare sector's debt with $744.6bn (9.7%), the debt of media & entertainment firms with $728.3bn (9.5%), telecommunications firms with $657.2bn (8.6%), the high technology sector with $615.6bn (8%), and the automotive industry with $581.5bn (7.6%). It said that a total of $276.3bn in EMs' investment-grade corporate debt is due in the 2024-28 period, and that $259.6bn in EMs' non-financial corporate debt is due in the same period.

Source: S&P Global Ratings

EMERGING MARKETS

Venture capital funding down 51% to $12bn in 2023

Figures released by online platform Magnitt show that venture capital (VC) funding in emerging markets (EM), which consist of the Middle East, Africa, South East Asia, Türkiye and Pakistan, reached $11.9bn in 2023, representing a decrease of 51.3% from $24.5bn in 2022. VC funding stood at $3.1bn in the first quarter, $2.9bn in the second quarter, $2.6bn in the third quarter, and $3.3bn in the fourth quarter of 2023. VC investments in South East Asia totaled $6.9bn in 2023, or 57.9% of the total, followed by VC funding the Middle East with $2.2bn (18.5%), Africa with $1.9bn (15.9%), Türkiye with $913m (7.7%), and Pakistan with $71m (0.6%). On a country basis, Singapore received VC investments of $3.5bn, or 29% of aggregate funding, followed by Indonesia with $1.6bn (13.5%), Saudi Arabia with $1.4bn (11.6%), Türkiye with $913m (7.7%), and Vietnam with $699m (5.9%). Further, there were 1,654 VC deals in the covered regions in 2023, constituting a drop of 36.7% from 2,615 investments in 2022. Also, there were 519 VC deals in South East Asia in 2023, accounting for 31.4% of the total, followed by 445 transactions in Africa (26.9%), 368 new deals in the Middle East (22.2%), 282 investments in Türkiye (17%), and 40 deals in Pakistan (2.4%). In parallel, the fintech sector was the recipient of $3.96bn, or 33.2% of aggregate VC investments, and accounted for 351 investments, or 21.2% of the aggregate number of deals in 2023. Also, there were 118 VC exits in 2023 compared to 213 exits in the previous year, with the UAE accounting for 24 exits in 2023.

Source: Magnitt, Byblos Research

MENA

Corruption perception varies across region

Global anti-corruption advocacy organization Transparency International ranked the UAE in 26th place among 180 countries worldwide and in first place among 19 Arab countries on its Corruption Perception Index for 2023. Qatar followed in 40th place, then Saudi Arabia (53rd), and Jordan and Kuwait (63rd each), as the five countries perceived to have the lowest level of graft in the Arab region; while Iraq (154th), Sudan (162nd), Libya (170th), Yemen (176th) and Syria (177th) were perceived as the most corrupt Arab countries. The organization uses data sources from independent institutions specializing in governance and business climate analysis. The rankings are based on scores that range from zero to 100, with lower scores reflecting economies with a higher perception of corruption. The Arab countries' average score stood at 35.7 points in the 2023 index, up from 35.2 points in the 2022 survey, and came higher than the average score of Eastern Europe & Central Asia (35 points) and Sub-Saharan Africa (33 points); but it was lower than the average scores of the European Union & Western Europe (65 points), Asia Pacific (45 points), and the Americas (43 points). Also, the rankings of nine Arab countries improved, those of five economies deteriorated and the ranks of five Arab countries were unchanged from the previous year; while the scores of six Arab countries increased, those of four economies regressed, and the scores of nine countries remained the same from the 2022 index.

Source: Transparency International, Byblos Research

GCC

Insurance premiums to reach $44bn in 2028, penetration rate at 1.7% of GDP

Alpen Capital projected the gross written insurance premiums in the Gulf Cooperation Council (GCC) countries to increase from $34.3bn in 2023 to $44.4bn in 2028, and to post a compound annual growth rate (CAGR) of 5.3% during the 2023-28 period. It forecast premiums in Saudi Arabia to reach $18.9bn and to account for 42.6% of aggregate insurance premiums in the GCC in 2028, followed by the UAE with $17.9bn (40.3%), Qatar with $2.5bn (5.6%), Kuwait with $2.4bn (5.4%), Oman with $1.8bn (4.1%), and Bahrain with $0.8bn (1.8%). Also, it expected premiums generated in Kuwait to post a CAGR of 6.4% during the 2023-28 period, followed by Saudi Arabia with a CAGR of 5.8%, the UAE (+4.9%), Qatar (+4.8%), Oman (+ 4.5%), and Bahrain (+2.6%). Further, it projected non-life insurance premiums in the GCC at $39.6bn in 2028 and to grow at a CAGR of 5.4% during the 2023-28 period, and for life premiums to total $4.8bn in 2028 and to expand at a CAGR of 4% during the covered period. It anticipated the non-life insurance segment to account for 77.3% of gross written premiums in 2028 relative to 76.8% in 2023. Also, it forecast the insurance penetration rate in the GCC economies to increase from 1.6% of GDP in 2023 to 1.7% of GDP in 2028, with the penetration rate of the life insurance segment remaining broadly stable at 0.2% of the GDP in the 2023-28 period, and the penetration rate of the non-life insurance segment increasing from 1.4% of GDP in 2023 to an average of 1.5% of GDP in the 2024-28 period.

Source: Alpen Capital

OUTLOOK

WORLD

Growth revised upwards to 2.9% in 2024, risks tilted to the downside

The Organization for Economic Cooperation and Development (OECD) revised upwards its global real GDP growth forecast by 0.2 percentage points to 2.9% in 2024 from its forecast of last November. It attributed its revision to strong growth in the United States and many emerging market economies, which will offset a slowdown in most European countries. Also, it forecast real GDP growth at 2.1% in the U.S., at 0.6% in the Euro Area, and at 2.9% in the Group of 20 economies in 2024. In addition, it projected the global real GDP growth rate to pick up to 3% in 2025, as it anticipated financial conditions to ease. Also, it expected economic activity in the emerging markets of the Group of 20 to improve in the 2024-25 period, driven by more favorable financial conditions and external demand. In parallel, it projected the average inflation rate in the Group of 20 economies to increase from 6.3% in 2023 to 6.6% in 2024 in case of persisting pressure on service prices and disruptions to global energy markets, but to decelerate from 5.4% in 2023 to 2.6% in the Euro Area, and to slow down from 3.7% last year to 2.2% in 2024 in the U.S.

Further, it considered that risks to the global outlook are tilted to the downside. It noted that inflationary pressures could prove to be stronger-than-anticipated, which could prompt authorities worldwide to raise interest rates and result in weaker growth prospects. Further, it expected that tighter-than-anticipated global financing conditions could intensify vulnerabilities, mainly in emerging market economies, which would raise the latter's debt servicing costs and put pressure on sizeable additional spending.
Source: OECD

Fight against financial crimes in need of coordinated and efficient global framework

The Institute of International Finance and Deloitte estimated that between \$800bn and \$2 trillion are laundered globally every year, and noted that governments recover less than 1% of the proceeds from crime. As such, they issued a set of recommendations on how the public and private sectors can improve the fight against illicit financial flows. First, they encouraged the sharing of information, as well as of threat and risk-related data linked to crime and terrorism, given their importance for a more effective financial crime risk management system. Second, they considered that data privacy and security considerations must be addressed when exchanging data, as data protection and the sharing of relevant information for financial crime detection are not mutually exclusive. Third, they indicated that the relevant authorities should focus on different multilateral and bilateral cooperation on financial crime data, and to enhance the standards and practices at the international level through the Financial Action Task Force (FATF). Fourth, they stressed the importance of collaborating between financial institutions, law enforcement, policy-makers and the regulatory authorities to develop public private partnerships (PPPs) to share information in the fight against financial crimes.

Fifth, they stated that the relevant authorities should conduct risk measures and proper governance to tackle fraud more broadly. They indicated that the development of a framework against fraud would help establish global standards through an audit system that is aligned with the FATF's Mutual Evaluation process. Sixth, they noted that incorporating asset recovery obligations within national tasking mechanisms and the development of PPPs to trace the proceeds from crime faster, along with the provision of the appropriate resources, are essential for the recovery of criminal assets. Seventh, they said that, while the concerns of the anti-financial crime framework will evolve based on emerging risks and geopolitical changes, developing and improving key 'whole system' capabilities will support the delivery of better results to prevent illicit financial flows. They noted that the relevant stakeholders should continue to focus on improving corporate transparency, making better use of payments data, and ensuring the building blocks of a sound and stable risk management environment to address financial crimes.
Source: Institute of International Finance, Deloitte

NIGERIA

Policy changes improve outlook, challenges remain

The Institute of International Finance (IIF) indicated that Nigeria's new government has made major policy changes since taking office in May 2023, such as lifting fuel subsidies, adopting a managed float exchange rate regime, and removing foreign-currency restrictions on a number of critical import items. As such, it projected Nigeria's real GDP growth rate to accelerate from 2.5% in 2023 to 3.1% in 2024. It considered that the Central Bank of Nigeria's targets towards tighter monetary policy, along with coordinated fiscal support, should improve investor confidence and shift real interest rates closer to positive territory, which would stabilize the exchange rate of the naira and moderate inflation expectations. It estimated that an additional hike of 750 basis points of the key policy rate would limit a further deterioration in inflationary pressures.

Further, it indicated that the shortfall in the supply of foreign currency in the domestic market widened the gap between the official and parallel exchange rates to 35% in January 2024, and expected it to widen further if demand for foreign-currency persists and if foreign-currency supply does not improve significantly in the coming months. Also, it expected that the increase in the level of oil production of at least 1.6 million barrels per day would help address the foreign currency shortages, increase foreign currency buffers, and improve fiscal revenues and the external balance. Further, it forecast the fiscal deficit to narrow from 4.8% of GDP in 2023 to 4.5% of GDP in 2024. Also, it expected the current account surplus to improve from 0.6% of GDP in 2023 to 1.2% of GDP in 2024. But it noted that external funding will be constrained this year, and considered that the authorities need to prioritize areas that improve foreign investor sentiment to attract foreign financial flows, even though the external debt dropped from \$80.4bn in 2022 to \$76.9bn in 2023. In addition, it forecast foreign-currency reserves to increase from \$36.5bn in 2023 to \$37.7bn in 2024.

In parallel, the IIF indicated that the key risk to the outlook consists of the government's ability to pursue current and expected reforms, including adopting more prudent fiscal and monetary policies by ending the monetization of the deficit, easing foreign-currency backlogs, containing inflationary pressures, and stabilizing the naira exchange rate.
Source: Institute of International Finance

ECONOMY & TRADE

MENA

Red Sea attacks raise risks for insurers

Moody's Investors Service indicated that the ongoing attacks on ships in the Red Sea have disrupted shipping routes and raised the risk of losses to insurers that provide marine coverage. It said that transit through the Bab el-Mandeb Strait, the southern point of the Red Sea, decreased sharply from 74 transits per day as at December 15, 2023 to 29 transits per day at the end of January 2024. It noted that the coverage of vessels' passage through high-risk zones increases the insurers' risk in a remote loss scenario, despite the surge in "war risk" premiums. Further, it pointed out that war risk premiums for Red Sea transits increased sharply from less than 0.1% of the vessel's value to between 0.7% and 1% since mid-December 2023, reflecting elevated risks and fewer vessels transiting through the Red Sea. It added that insurers have been selective in the vessels that they cover and have less appetite to cover U.S., United Kingdom, and Israeli-linked vessels. Further, it expected individual insurers to post modest losses, as they are diversifying their risk across several carriers, and as they have reinsurance protection and a low risk of loss accumulation. It added that the short duration of the war risk insurance's coverage allows insurers to quickly adjust their approach if risks escalate. It considered that insurers can manage the risk related to high-risk transits, given that they are capable of assessing each risk separately and can set specific pricing and terms. Also, it expected insurance claims to remain low in the event of a severe attack on a vessel, given that the value of container ships is lower than that of passenger cruise ships.

Source: Moody's Investors Service

GCC

Agencies take rating actions on sovereigns

Fitch Ratings affirmed Saudi Arabia's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'A+', and maintained the 'stable' outlook on the long-term ratings. It also affirmed the Kingdom's short-term foreign and local currency IDRs at 'F1+', and the country ceiling at 'AA-'. It indicated that the country's strong fiscal and external balances and the low government debt level support the ratings. But it noted that high reliance on the oil sector, weak governance indicators, and vulnerability to geopolitical shocks constrain the ratings. Further, it forecast foreign-currency reserves to decline from $437bn in 2023 to $420bn in the 2024-25 period, due to lower oil export revenues and moderate outward investments by large institutions and pension funds. It noted that it could upgrade the ratings if fiscal reforms increase the budget's resilience to oil price volatility, or in case governance scores improve. In contrast, it said that it could downgrade the ratings if the Kingdom's overall public finance position deteriorates or if geopolitical tensions escalate. In parallel, Capital Intelligence Ratings affirmed Kuwait's short- and long-term foreign and local sovereign ratings at 'A1' and 'A+', respectively, with a 'stable' outlook on the long-term ratings. It indicated that the ratings are supported by the ample financial assets of Kuwait's Future Generations Fund, the country's large net external creditor position, the low level of public debt, and the high level of hydrocarbon reserves. But it noted that the ratings are constrained by high dependence on hydrocarbons, as well as moderate-to-high political and policy risks.

Source: Fitch Ratings, Capital Intelligence Ratings

NIGERIA

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Nigeria's long- and short-term foreign and local currency sovereign credit ratings at 'B-' and 'B', respectively, with a 'stable' outlook on the long-term ratings, which are six notches below investment. It indicated that the ratings and the outlook are supported by the government's continuing efforts to implement monetary, economic, and fiscal reforms, which include the lifting of fuel subsidies, the liberalization of the exchange rate regime, the mobilization of non-oil revenues, the increase in domestic refining capacity, and changes in governance at the Central Bank of Nigeria (CBN). It pointed out that capital outflows, the currency's depreciation, below-potential oil production, risks to macroeconomic stability, and the elevated inflation rates are weighing on the ratings and on the outlook. In parallel, it projected the CBN's usable foreign currency reserves to remain steady at $22bn in the 2024-27 period, and forecast the country's gross external financing needs to average 112% of current account receipts plus usable reserves in the 2024-27 period. Further, it said that it could downgrade the ratings if Nigeria's capacity to repay its commercial obligations continues to weaken if the usable foreign currency reserves decline, or in case the domestic banking sector is not willing to subscribe to additional local currency debt. In contrast, it noted that it could upgrade the ratings if economic activity increases more-than-expected and/or if the fiscal and external balances improve significantly.

Source: S&P Global Ratings

CÔTE D'IVOIRE

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Côte d'Ivoire's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BB-', which is three notches below investment grade, and maintained the 'stable' outlook on the long-term ratings. It also affirmed the Country Ceiling at 'BB', and maintained the short-term local and foreign currency IDRs at 'B'. It indicated that the ratings balance the economy's strong growth prospects with the country's low development indicators and its high dependence on commodities. It added that the ratings reflect a track record of proper fiscal management, and that the authorities will carry out the needed reforms to reverse the recent deterioration in public finance metrics. It expected the fiscal deficit to narrow in 2024 and 2025 on improved expenditures efficiency, the control of the wage bill, and robust nominal GDP growth. It considered that budget execution risks are balanced by the country's record of adhering to International Monetary Fund programs. It added that proceeds of a $2.6bn Eurobond issuance in January 2024 would allow the reprofiling of the external debt and reduce debt servicing costs. Further, the agency forecast the government's debt level to peak at 58.5% of GDP in 2024 and to decline to 58.1% in 2025, in case of fiscal consolidation and strong growth. It anticipated the current account deficit to remain wide at 5.4% of GDP in 2024 and to narrow to 4.6% of GDP in 2025 due to the ramp-up of oil production, to fiscal consolidation, and to greater processing of agricultural commodities. In parallel, it said that it could downgrade the ratings if security conditions and political stability in the country deteriorate, if the government's debt level increases, and/or if economic activity slows down in the medium term.

Source: Fitch Ratings

BANKING

SAUDI ARABIA

Credit growth to remain solid in 2024

S&P Global Ratings expected lending growth at Saudi banks to slow down from 10% in 2023 to between 8% and 9% in 2024, due to higher interest rates, tight liquidity conditions, and lower mortgage lending growth. It stated that high interest rates did not affect asset quality in the banking sector, given that the elevated exposure to mortgages, extended primarily to public-sector employees, as well as systematic write-offs of impaired loans, kept the banks' non-performing loans (NPLs) ratios at low levels in 2023. However, it noted that Stage 2 loans increased from 5.2% of total loans in 2022 to 5.4% at the end of September 2023, indicating that high interest rates will start weighing on the creditworthiness of borrowers in 2024. But it expected the impact to be marginal given that Saudi corporates have relatively manageable leverage. Also, it indicated that the growth in mortgage lending will continue to decelerate in 2024 due to high interest rates and market maturity. In addition, it expected the Saudi government to continue mitigating tight liquidity conditions in the banking sector by injecting liquidity, as the government and government-related entities' deposits increased from almost 20% of total deposits in 2020 to 30% in 2023. Further, it said that, given the size and long-term nature of investments under Saudi Arabia's Vision 2030, the banking sector alone will not be able to meet the market's funding needs on its own, and that substantial part of the financing will come from local and international capital markets. In parallel, it stated that the credit growth rate will continue to support the banks' profitability, as it expected their return on assets to stabilize at 2.2% in 2024. In addition, it noted that Saudi banks are well-capitalized, with a sector-wide capital adequacy ratio of 19.5% at end-September 2023.

Source: S&P Global Ratings

QATAR

Banks' sound performance to continue in 2024

Fitch Ratings expected the stable financial performance of Qatari banks to continue in 2024 amid elevated interest rates, improved profitability, and solid hydrocarbon prices. It indicated that the banks' operating environment will be supported by oil prices, which are projected to average around $80 per barrel in 2024, as well as by a real GDP growth rate of 1.1% in 2024. Further, it stated that the banks' lending growth has slowed down from 7.8% in 2021 to 3.3% in 2022 and was flat in the first nine months of 2023 due to large repayments of loans and increased hydrocarbon revenues in the public sector, as well as to higher interest rates that have reduced credit demand from the private sector. But the agency anticipated lending to grow by 3% in 2024 due to increased public spending as a result of the expansion of the North Field gas project. In parallel, it considered that the asset quality of Qatari banks is stable, despite the increase in the sector's Stage 3 loans ratio from 2.7% at end-2021 to 3.4% at end-2022 and 3.6% at end-September 2023, mainly from loans extended to the real estate sector. It said that the banks are supported by low loan impairment charges and adequate capital buffers, as the average common equity Tier One capital ratio stood at 14.3% at end-September 2023. But it noted that Qatari banks are the most dependent on external funding among the banking sectors of the Gulf Cooperation Council.

Source: Fitch Ratings

EGYPT

Central Bank heading to flexible exchange rate regime

Deutsche Bank indicated that the Central Bank of Egypt's (CBE) increase of its overnight deposit rate by 200 basis points (bps) to 21.25% on February 1, 2024 signaled the CBE's commitment to contain the upward pressure on inflation, given that the gap between the official exchange rate and the parallel market rate widened significantly recently. It added that the decision reflects the CBE's determination to reduce the parallel exchange rate premia, in light of foreign-currency shortages and geopolitical tensions, ahead of its planned return to a flexible exchange rate regime. Also, it anticipated the CBE to hike further its key policy rate by an additional 100 bps each in March and May 2024 for a terminal rate of 23.25%. It considered that the ongoing talks between the International Monetary Fund and Egyptian authorities will continue to focus on implementing reforms in order to reduce the gap between the official and parallel exchange rates and secure additional foreign currency flows to manage an orderly transition to a more flexible exchange rate regime. Also, it noted that the possibility of increasing the size of the IMF program and of flows from other international donors, including the European Union, could reduce the need for a significant currency adjustment and the magnitude of monetary tightening, and would support the outlook as the war in the Gaza Strip, trade disruptions in the Suez Canal, and geopolitical risks are weighing on the Egyptian economy.

Source: Deutsche Bank

JORDAN

Banking system has stable outlook

Moody's Investors Service indicated that its outlook on Jordan's banking sector is 'stable' due to solid economic growth that sustains the banks' business activities and financial fundamentals, and the improved probability of government support in case of need. It noted that the banking sector's capital adequacy ratio stood at 17.4% at end-June 2023, well above the Basel III regulatory requirement of 12%. In addition, it stated that the banks' strong capital buffers are supported by the good quality of capital, modest loan growth, and high capital requirements. Further, it said that the loans-to-deposits ratio stood at 77% at end-November 2023, while 38% of banks' assets were held in liquid form. It noted that the banks' reliance on more volatile foreign or market funding is minimal, and considered that foreign currency-denominated deposits will continue to account for 22% of the sector's total deposits in the near term. However, it stated that loan-loss provisioning is likely to remain high for most banks, given that pressures on asset quality and higher interest rates will weigh on the repayment capacity of borrowers. In addition, it stated that banks that have lent to borrowers in the West Bank face additional risks, given the current geopolitical situation in the region. Further, it noted that the non-performing loans (NPLs) ratio stood at 5% in June 2023, and that the ongoing conflict in the Gaza Strip poses risks to Jordanian banks, as the country's economy may potentially suffer from declines in foreign direct investments and tourist arrivals, as well as from continued gas disruptions due to tensions in the Red Sea.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil prices to average $82.7 p/b in first quarter of 2024

ICE Brent crude oil front-month prices stood at $79.2 per barrel (p/b) on February 7, 2024, constituting an increase of 2.4% from a recent low of $77.3 p/b on February 2, 2024, mainly due to a decrease in crude oil inventories due to winter storms in the U.S. and to the rejection of a ceasefire in the Gaza Strip that exacerbated geopolitical tensions. In parallel, the U.S. Energy Information Administration (EIA) considered that the attacks in the Red Sea could disrupt global oil trade, as these attacks have increased the transit time and shipping costs hydrocarbon products, which is limiting the flexibility of the oil market to adjust to any future supply shocks. It considered that tensions in the Red Sea will increase risk premiums and put upward pressure on oil prices due to the possibility of disruptions to oil output in the Middle East in the near term, despite the accumulation of global oil inventories in 2022 and 2023 and the lack of disruptions to oil production. Also, it expected that the production cuts of the OPEC+ coalition will lead to the decline of global oil inventories in February and March 2024, resulting in an average decrease in inventories of 0.8 million barrels per day (b/d) in the first quarter of 2024, which will increase oil prices to nearly $85 p/b in the coming months. But it anticipated a rise in global oil inventories by an average of 0.1 million b/d in the last three quarters of 2024. Further, it forecast the global oil market to gradually return to moderate inventory builds in 2025, as the increase in production will outpace the slowing growth in oil demand. Moreover, the EIA forecast oil prices to average $82.7 p/b in the first quarter of 2024.

Source: EIA, Refinitiv, Byblos Research

Global output of natural gas up by 2.4% in 2024

The International Energy Agency projected global natural gas production to reach 4,214 billion cubic meters (bcm) in 2024, constituting an increase of 2.4% from 4,116 bcm in 2023. It forecast the production for natural gas in North America at 1,297 bcm and to represent 30.8% of the world's aggregate output in 2024, followed by Eurasia with 855 bcm (20.3%), the Middle East with 745 bcm (17.7%), Asia Pacific with 683 bcm (16.2%), Africa with 260 bcm (6.2%), and Europe with 220 bcm (5.2%).

Source: International Energy Agency, Byblos Research

Iraq's oil exports receipts at $8bn in January 2024

Preliminary figures from the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 103.5 million barrels in January 2024, constituting a decrease of 4.2% from 108.1 million barrels in December 2023 and an increase of 2.2% from 101.2 million barrels in January 2023. Exports from the central and southern fields stood at 102 million barrels in January 2024, while oil exports averaged 3.3 million barrels per day (b/d) in January 2024. Further, oil export receipts stood at $8.25bn in January 2024, down by 3.4% from $8.3bn in December 2023 and up by 4.7% from $7.7bn in January 2023.

Source: Iraq Ministry of Oil, Byblos Research

Middle East demand for gold jewelry down 9% in 2023

Demand for gold jewelry in the Middle East totaled 171.5 tons in 2023, down by 9% from 188.5 tons in 2022, and accounted for 9.1% of global demand for gold jewelry. Demand for gold jewelry in the UAE reached 39.7 tons, representing 23.2% of the region's consumption in the covered period. Saudi Arabia followed with 38.1 tons (22.2%), then Iran with 27.3 tons (15.9%), Egypt with 26.7 tons (15.6%), and Kuwait with 14.3 tons (8.3%).

Source: World Gold Council, Byblos Research

Base Metals: Zinc prices to average $2,317 per ton in first quarter of 2024

The LME cash prices of zinc averaged $2,503.8 per ton in in the first six weeks of 2024, constituting a drop of 24% from an average of $3,292.6 a ton in the same period of 2022, due to the slowdown in global economic activity and to the oversupply of the metal against weak demand. Also, the decline in prices is attributed to a decrease in energy prices that led to the reopening of zinc smelters. In parallel, the latest available figures released by the International Lead and Zinc Study Group (ILZSG) show that global demand for refined zinc was 11.3 million tons in the first 10 months of 2023, constituting an increase of 1% from 11.2 million tons in the same period of 2022, due to the rise in demand for the metal from China and India, which was offset by lower demand from Europe, Brazil, Japan, South Korea, Taiwan, Thailand, and Türkiye. Also, global zinc production was 11.6 million tons in the first 10 months of 2023, representing an increase of 3.8% from 11.1 million tons in the same period of 2022, due to the increase in refined metal output in Australia, China, and Mexico, which was partly offset by lower production in Europe, Canada, and Japan. In addition, mine output accounted for 87.4% of global refined zinc production in the first 10 months of 2023. Further, S&P Global Market Intelligence projected zinc prices to average $2,317 per ton in the first quarter of 2024, with a low of $2,200 a ton and a high of $2,400 per ton in the covered quarter.

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

Precious Metals: Gold prices to average $2,011 per ounce in first quarter of 2024

Gold prices averaged $2,034.8 per troy ounce in the first six weeks of 2024 period, constituting an increase of 7.3% from an average of $1,895.5 an ounce in the same period of 2023, mainly due to the eruption of the war in the Gaza Strip that exacerbated geopolitical tensions, which reinforced the appeal of the metal as a safe haven for investors. Further, prices peaked at $2,079 per ounce on December 27, 2023, as an uptick in the U.S. dollar exchange rate and in Treasury yields undermined the support from expectations of rate cuts by the U.S. Federal Reserve early in 2024. In parallel, the World Gold Council indicated that global demand for gold totaled 4,448.4 tons in 2023 and dropped by 5.3% from 4,699 tons in 2022. It attributed the decline to a decrease of 4.1% in net purchases by central banks, to a contraction of 3.5% in demand from the technology sector, to a retreat of 2.7% in demand for bars & coins, and to a dip of 1.2% in jewelry consumption, which were partly offset by a surge of 123.2% in inflows to gold-backed exchange-traded funds (ETFs). Also, the global supply of gold increased from 4,751.9 tons in 2022 to 4,898.8 tons in 2023, or by 3.1%, with mine output representing 74.4% of the total. In addition, the World Gold Council expected investments in gold-backed ETFs to increase in 2024 amid continued geopolitical risks. It added that central banks would likely keep buying gold at higher rates, and noted that jewelry demand would decrease amid expectations of a possible global economic slowdown. Further, S&P Global Market Intelligence projected gold prices to average $2,001.1 per ounce in the first quarter of 2024, with a low of $1,900 an ounce and a high of $2,060 per ounce in the covered quarter.

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

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Positive	B- Stable	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B- Stable	Caa1 Negative	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	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 Positive	B3 Positive	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	31-Jan-24	No change	20-Mar-24
Eurozone	Refi Rate	4.50	25-Jan-24	No change	7-Mar-24
UK	Bank Rate	5.25	01-Feb-24	No change	21-Mar-24
Japan	O/N Call Rate	-0.10	23-Jan-24	No change	19-Mar-24
Australia	Cash Rate	4.35	06-Feb-24	No change	19-Mar-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	24-Jan-24	No change	6-Mar-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	22-Jan-24	No change	20-Fev-24
Hong Kong	Base Rate	5.75	14-Dec-23	No change	N/A
Taiwan	Discount Rate	1.875	14-Dec-23	No change	21-Mar-24
South Korea	Base Rate	3.50	11-Jan-24	No change	22-Feb-24
Malaysia	O/N Policy Rate	3.00	24-Jan-24	No change	07-Mar-24
Thailand	1D Repo	2.50	07-Feb-24	No change	10-Apr-24
India	Repo Rate	6.50	08-Feb-24	No change	05-Apr-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	21.25	01-Feb-24	Raised 200bps	28-Mar-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	45.00	25-Jan-23	Raised 250bps	22-Feb-24
South Africa	Repo Rate	8.25	25-Jan-24	No change	27-Mar-24
Kenya	Central Bank Rate	13.00	06-Feb-24	Raised 50bps	N/A
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	27-Feb-24
Ghana	Prime Rate	29.00	29-Jan-24	Cut 100bps	25-Mar-24
Angola	Base Rate	18.00	19-Jan-24	Raised 100bps	15-Mar-24
Mexico	Target Rate	11.25	14-Dec-23	No change	8-Feb-24
Brazil	Selic Rate	11.25	31-Jan-24	Cut 50bps	N/A
Armenia	Refi Rate	8.75	30-Jan-24	Cut 50bps	12-Mar-24
Romania	Policy Rate	7.00	12-Jan-24	No change	13-Feb-24
Bulgaria	Base Interest	3.79	1-Feb-24	Cut 1bps	1-Mar-24
Kazakhstan	Repo Rate	15.25	19-Jan-24	Cut 25bps	23-Feb-24
Ukraine	Discount Rate	15.00	25-Jan-24	No change	14-Mar-24
Russia	Refi Rate	16.00	15-Dec-23	Raised 100bps	16-Feb-24

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

The Country Risk Weekly Bulletin is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from the Country Risk Weekly Bulletin may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293