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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Private equity and venture capital investments in generative AI up 119% to $2.2bn in 2023

S&P Global Market Intelligence indicated that private equity and venture capital (PE/VC) investments in generative artificial intelligence (AI) companies reached $2.2bn worldwide in 2023, constituting a surge of 119% from $1bn in 2022. PE/VC funds in the generative AI industry secured $244.7m in the first quarter, $497.8m in the second quarter, $927.7m in the third quarter, and $511.2m in the fourth quarter of 2023. In comparison, PE/VC investments in generative AI firms stood at $17m in 2019, $16m in 2020, and $72m in 2021. In parallel, it pointed out that 22 generative AI-backed PE/VC deals took place worldwide in 2023, representing a decrease of 37% from 35 transactions in 2022. There were eight PE/VC deals in generative AI in the first quarter, four investments in the second quarter, eight transactions in the third quarter, and two deals in the fourth quarter of 2023. In comparison, it said that there were 19 PE/VC investments in the generative AI sector in 2019, compared to 22 transactions in 2020 and 34 deals in 2021. In addition, it noted that generative AI investments by private equity firms reached $250m in the first six weeks of 2024, exceeding the total funds raised in the first quarter of 2023. Further, it noted that that PE/VC-backed investments in generative AI companies in the U.S. and Canada reached $975m and accounted for 44.7% of the total in 2023, followed by investments in Europe with $608.6m (27.9%), in Asia-Pacific with $378.9m (17.4%), and in the Middle East with $219m (10%).
Source: S&P Global Market Intelligence

M&A deals down 15% to $3.2 trillion in 2023

Figures released by Bain & Co., a global management consulting firm, indicate that global mergers and acquisitions (M&A) transactions reached $3.2 trillion (tn) in 2023, constituting a decrease of 15% from $3.7tn in 2022 and relative to a record high of $6tn of M&A deals in 2021. M&A transactions totaled $3.6tn in 2017, $4.2tn in 2018, $4tn in 2019, and $3.6tn in 2020. In parallel, it pointed out that M&A deals by special purpose acquisition companies increased by 4% in 2023, while venture capital deals dropped by 42%, followed by a retreat of 34% in M&A transactions by financial investors, and a decline of 6% in strategic M&A deals. In addition, it said that the value of M&A investments in the media industry increased by 126% in 2023 from the preceding year, followed by consumer product firms (+32%), the healthcare and life sciences sector (+23%), and the energy and natural resources industry (+17%), while it declined by 53% in in the telecommunications industry, followed by the technology sector (-43%), the financial services industry (-23%), advanced manufacturing and services firms (-19%), and retailers (-3%). In parallel, it estimated that M&A transactions in the Middle East stood at $95bn in 2023, constituting a decrease of 3% from $98bn in 2022. M&A investments in the Middle East totaled $26bn in 2018, $52bn in 2019, $44bn in 2020, and $51bn in 2021. It said that sovereign wealth funds (SWFs) in the Gulf Cooperation Council economies accounted for 86% of the total value of M&A deals in the Middle East in 2023.
Source: Bain & Co.

MENA

Stock markets up 3.2% in first two months 2024

Arab stock markets rose by 3.2% and Gulf Cooperation Council equity markets increased by 3.3% in the first two months of 2024, relative to decreases of 2.3% and 2.7%, respectively, in the same period of 2023. In comparison, global stock markets and emerging market equities increased by 4.5% and 0.4%, respectively, in the first two months of this year. Activity on the Damascus Securities Exchange, based on the official stock market index, rose by 33.4% in the first two months of 2024, the Egyptian Exchange, based on the stock market index, appreciated by 16.3%, the Boursa Kuwait expanded by 8.6%, the Casablanca Stock Exchange grew by 7.8%, the Dubai Financial Market improved by 6.1%, and the Saudi Stock Exchange yielded 5.5%. Also, the Iraq Stock Exchange appreciated by 2.9%, the Bahrain Bourse grew by 1.7%, the Amman Stock Exchange gained 1.5%, and the Muscat Securities Market expanded by 0.9%. In contrast, activity on the Beirut Stock Exchange decreased by 28% based on the official stock market index, the Palestine Exchange retreated by 6.4%, the Abu Dhabi Securities Exchange declined by 3.4%, the Qatar Stock Exchange contracted by 3.3%, and the Tunis Bourse Exchange regressed by 1.4% in the covered period. .
Source: Local stock markets, Dow Jones Indices, Refinitiv

GCC

Fixed income issuance up 49% to $41bn in first two months of 2024

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $41bn in the first two months of 2024 constituting an increase of 49.1% from $27.5bn in the same period of 2023. Fixed income issuance in the first two months of the year consisted of $15.5bn in sovereign bonds, or 37.8% of the total, followed by $12.5bn in corporate bonds (30.5%), $8.1bn in corporate sukuk (19.8%), and $4.9bn in sovereign sukuk (12%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $20.6bn in the first two months of 2024, or 50.2% of fixed income output in the region; while issuance by GCC sovereign reached $20.4bn, or 49.8% of the total. GCC sovereigns issued $18.1bn in bonds and sukuk in January and $2.3bn in February 2024. Also, companies in the GCC issued $13.3bn in bonds and sukuk in January and $7.3bn in February 2024. In parallel, corporate output in February 2024 included $3.05bn in sukuk issued by companies in Saudi Arabia, $1.3bn in bonds and $1bn in sukuk issued by firms based in the UAE, $500m in sukuk issued by companies in Oman, and $203m in bonds issued by companies based in Qatar. In parallel, sovereign proceeds in the covered month consisted of $1bn in bonds and $1bn in sukuk that Bahrain issued, and of $260m in bonds that Oman issued.
Source: KAMCO

OUTLOOK

WORLD

Generative AI to support banks' risk management

Global consulting firm McKinsey & Co. considered that generative artificial intelligence (Gen AI) could fundamentally change the risk management function at banks by automating, accelerating, and enhancing the business, operations, audits and compliance functions in the next five years. It indicated that the creation of Gen AI-powered risk intelligence centers would provide automated reporting, improved risk transparency, higher efficiency in risk-related decision making, and partial automation in drafting and updating policies and procedures to reflect changing regulatory requirements.

First, it said that the banks can use Gen AI to compare policies, regulations and operating procedures. Second, it stated that Gen AI can generate suspicious-activity reports based on customer and transaction information, and can automate the creation and update of customers' risk ratings based on changes in know-your-customer attributes. Third, it pointed out that it can help accelerate the banks' end-to-end credit process, and generate credit risks reports and extract customer insights from credit memos. Fourth, it indicated that Gen AI can accelerate the migration of legacy programming languages, and draft model documentation and validation reports. Fifth, it noted that it can use natural language to write code for detection rules and accelerate secure code development to detect cybersecurity vulnerabilities. Sixth, it stated that Gen AI can help accelerate the internal capital adequacy assessment process and to model capital adequacy by sourcing data.

In parallel, it cautioned that banks need to be aware of the new risks associated with Gen AI, such as biased models, intellectual property infringement, privacy concerns, malicious use, security threats, performance and "explainability" risks, strategic risks through non-compliance with environmental, social and governance standards or regulations, and third-party risks.
Source: McKinsey & Company

EGYPT

Investment deal with UAE to change economic outlook

Regional investment bank EFG Hermes considered that the proceeds from the Ras al-Hikma deal with the United Arab Emirates, the $11bn debt-for-investment swap, and a potential agreement with the International Monetary Fund (IMF) are likely to provide Egypt with ample resources to cover its foreign-currency financing needs for the coming two to three years and fund a large part of its fiscal deficit. It expected the $35bn investment in the Ras al-Hikma project to reduce by 35% the country's $25bn gross financing needs in 2024, or by 7% of GDP. It anticipated the country's external debt to decline by 6.6% following the $11bn debt swap, leading to a decrease in the external public debt stock to $122bn or 35% of GDP. Further, it considered that the decision about the amount of the proceeds that will go through the budget will reflect the level of the government's appetite for proper fiscal consolidation by containing ex-budgetary expenditures and unifying the various public sector budgets. Also, it projected foreign currency reserves to increase by $10bn to $15bn and to reach $50bn in 2024, excluding potential portfolio flows, additional asset sales and/or the tapping of international debt markets. It noted that the increase in foreign reserves is likely to help the banks reverse their sizable net foreign liability position. It added that the Central Bank of Egypt's (CBE) current net foreign liability position will shift towards a slight net positive foreign assets position once the $11bn debt swap is completed.

Also, it noted that the upcoming exchange rate adjustment would help the country attract more private capital flows, including foreign direct investments, asset sales, and portfolio investments. It expected the authorities to adjust the exchange rate of the Egyptian pound to the US dollar by 45% to 50%, which would increase inflationary pressures on administered public services, among others. Further, it projected the CBE to hike its interest rate and for the official rate of the pound to reach EGP50 per dollar in the near term. It expected the CBE's net foreign assets position to increase further, in light of official flows related to the IMF program and from potentially other private capital flows.
Source: EFG Hermes

IRAQ

Economic outlook contingent on reducing dependence on oil sector

The International Monetary Fund (IMF) expected Iraq's economic growth to continue in 2024 amid an expansionary fiscal policy. It projected the country's real non-oil GDP growth rate to stabilize at about 2.5% in the medium term, given the existing hurdles to the development of the private sector. It said that the economy's vulnerability to oil price volatility has significantly increased, as the rise in public expenditures would lead the fiscal breakeven oil price to exceed $90 in 2024. It considered that a large decline in oil prices or extended production cuts from the OPEC+ coalition could weigh on the fiscal and external accounts. As such, it forecast the fiscal deficit at 7.6% in 2024 and expected it to widen further in the medium term in case of a decrease in oil prices and in the absence of new policy measures. It added that disruptions to shipping routes or damages to the oil infrastructure, in case regional tensions escalate, could result in oil production losses that would outweigh the potential positive impact of higher oil prices, which could lead to a decline in business sentiment and the suspension of investment projects. As a result, it projected the public debt level to nearly double from 44% of GDP at the end of 2023 to 86% of GDP by 2029.

Further, the IMF stressed the importance of reducing the economy's dependence on the oil sector and of ensuring fiscal sustainability, given that protecting critical social and investment spending will require a significant fiscal adjustment through containing the public wage bill and increasing non-oil tax revenues. It added that a sustained fiscal adjustment would help rebuild fiscal buffers and stabilize the public debt level in the medium term. Also, it welcomed the authorities' initial steps towards testablishing a Treasury Single Account, which it considered to be crucial to improve cash management, strengthen public financial management, and limit fiscal risks. In addition, it stressed the need to implement wide-ranging structural reforms to foster private sector development and economic diversification. It urged the authorities to reform the labor market, modernize the financial sector, restructure state-owned banks, implement pension and electricity sector reforms, and continue efforts to improve governance and reduce corruption.
Source: International Monetary Fund

EGYPT

IMF and Cairo reach staff-level agreement

The International Monetary Fund (IMF) announced that it has reached a staff-level agreement with the Egyptian authorities to increase its support to Egypt from nearly $3bn to about $8bn. It stated that the agreement aims to maintain the public debt's sustainability, reinstate a well-functioning exchange rate system and restore price stability, as well as to continue implementing deep structural reforms to promote private sector-led growth and job creation. First, it noted that a flexible exchange rate regime would help increase the availability of foreign currency, reestablish a well-functioning interbank market for foreign exchange, and help Egypt manage external shocks. Second, it said that additional monetary policy tightening would reduce inflation and reverse the recent dollarization trend. Third, it indicated that the authorities agreed to maintain fiscal prudence in the medium-term and to step-up efforts to mobilize additional domestic revenues to reduce the public debt. Fourth, it stated that the Egyptian authorities would slow down infrastructure spending, including on projects that have operated outside regular budget oversight. Fifth, it indicated that the authorities will continue to provide adequate levels of social spending to protect vulnerable segments of the population. In addition, the IMF considered that that recent reforms to eliminate the preferential tax treatment and exemptions for state-owned enterprises constitute a step in the right direction, and that it will contribute to improved market and investor confidence. Also, it noted that Egypt's international and regional partners would play a critical role in facilitating the implementation of the authorities' policies and reforms.

Source: International Monetary Fund

NIGERIA

Economic activity to pick up to 3.2% in 2024

The International Monetary Fund (IMF) estimated Nigeria's real GDP growth rate at 2.8% in 2023 and projected it to increase to 3.2% in 2024, amid improved oil production and positive expectations for agricultural output in the second half of the year, against high inflation rates, a weakening local currency, and the tightening of monetary policy. It noted that the government improved the collection of its revenues, especially in the context of Nigeria's low revenue mobilization levels that has constrained its ability to respond to shocks to the economy and to promote long-term development. It stated that non-oil revenues improved by 0.8% of GDP in 2023, supported by the rapid depreciation of the naira. Further, it said that oil production reached 1.65 million barrels per day in January 2024 due to improved security conditions in the country. In parallel, the IMF welcomed the authorities' approval of an effective and well-targeted social protection system, the release of grains, seeds and fertilizers, and the introduction of dry-season farming. It pointed out that the recently approved targeted social safety net program, which will provide cash transfers to vulnerable households, needs to be fully implemented before the government can lift costly fuel and electricity subsidies. It also welcomed the Central Bank of Nigeria's decision to further tighten monetary policy, as the Monetary Policy Committee increased its policy rate by 400 basis points to 22.7% for a total tightening of 1,025 basis points since May 2022 in an effort to contain the depreciation of the naira and inflation.

Source: International Monetary Fund

UAE

Insurance premiums to reach $18bn in 2028

Alpen Capital projected the gross written insurance premiums in the UAE to increase from $14.1bn in 2023 to $17.9bn in 2028, and to post a compound annual growth rate (CAGR) of 4.9% during the 2023-28 period, driven by the growth of life and non-life insurance premiums. Further, it forecast non-life insurance premiums in the country to expand from $11.2bn in 2023 to $14.4bn in 2028 and to grow at a CAGR of 5.2% during the 2023-28 period due to improving macroeconomic conditions, the expansion of mandatory health insurance coverage in the northern emirates, the development of large-scale infrastructure projects, and the implementation of the Unemployment Insurance Scheme. Further, it projected life premiums to expand from $2.9bn in 2023 to $3.5bn in 2028 and to increase at a CAGR of 3.9% in the covered period due to rising population, increased risk awareness, and advancements in technology and innovative insurance products that would attract more individuals to the life insurance segment. It estimated that the UAE will account for 73.4% of aggregate life insurance premiums and for 36% of total non-life premiums in the GCC by 2028. Further, it projected the insurance sector's penetration rate to decrease from 2.8% of GDP in 2023 to 2.7% of GDP in 2028, and for insurance density, or premiums per capita, to increase from $1,400.1 in 2023 to $1,626.5 in 2028.

Source: Alpen Capital

CÔTE D'IVOIRE

Sovereign ratings upgraded on robust economic prospects

Moody's Investors Service upgraded Côte d'Ivoire's long-term issuer and senior unsecured bond ratings from 'Ba3' to 'Ba2', and affirmed the short-term issuer ratings at 'Not Prime'. Also, it revised the outlook on the long-term ratings from 'positive' to 'stable'. It also raised the local and foreign currency Country Ceiling from 'Baa2' and 'Baa3' to 'Baa1' and 'Baa2', respectively. It attributed the ratings' upgrade to the increasing resilience and diversification of the economy, supported by robust economic prospects and growing competitiveness due to the rise in private sector investments. Also, it considered that the ongoing fiscal consolidation efforts under the current International Monetary Fund program and the efficient management of the government debt profile will improve fiscal metrics and reduce liquidity risks. It projected the fiscal deficit at 4% of GDP in 2024 and 3% of GDP in 2025, and for the public debt to decline from 56.4% of GDP at end-2023 to 50% of GDP by 2030. In parallel, it said that the 'stable' outlook on the ratings reflects potential credit risks stemming from rising political tensions in West Africa, as well as the possible re-emergence of domestic political tensions ahead of the next presidential election in 2025. It added that upside risks originate from the country's strong economic performance and rapidly increasing income levels. In parallel, it said that it could downgrade the ratings if significant political and social tensions hinder the country's medium-term growth prospects, if rising macroeconomic imbalances jeopardize the sustainability of growth, and/or if the authorities are unable to keep the fiscal deficit at moderate levels. But it noted that it could upgrade the ratings in case governance and competitiveness improve, if political risks recede, or if robust growth leads to improved fiscal metrics.

Source: Moody's Investors Service

EMERGING MARKETS

Crypto assets pose macroeconomic and financial risks

The International Monetary Fund (MF) indicated that the widespread adoption of crypto assets in emerging markets and low-income economies could undermine the effectiveness of monetary policy, circumvent capital flow management measures, exacerbate fiscal risks, and divert resources from financing the real economy. It stated that the rapid growth of stablecoins purchases, which are crypto assets that peg their market value to a currency like the US dollar or to the price of a commodity such as gold, should be scrutinized for their risks, as many emerging economies lack effective legal and regulatory frameworks and oversight to manage the flows of these crypto assets. Also, the IMF pointed out that a shift from foreign exchange deposits to foreign exchange-denominated stablecoins would cause local banks in emerging economies to use their foreign reserves to purchase crypto assets, which would trigger significant capital outflows from these economies. It said that such outflows could potentially increase local currency volatility and exert pressure on economic activity. Further, it noted that the expanded use of crypto assets by banks in emerging markets requires changes to central bank reserve holdings and the global financial safety net, which could result in further potential instability. It pointed out the need for a comprehensive policy and regulatory response to address the risks of crypto assets, as the regulations and supervision of crypto asset issuers and service providers do not address directly the related macroeconomic and financial stability issues.

Source: International Monetary Fund

ARMENIA

Banking sector to remain resilient in 2024

S&P Global Ratings expected the banking sector in Armenia to remain resilient in 2024, supported by low-double digit lending growth and stable asset quality, which will result in a decrease in the cost of risk from 2.75% in 2022 to 1.5% in 2024. It added that Armenian banks delivered a strong performance in the 2022-23 period, which enabled them to build capital buffers and withstand a deterioration in asset quality. But it anticipated the high dollarization rate at banks to weigh on their asset quality, profitability, and capitalization, as it expected the de-dollarization to be limited in 2024, which could increase credit and funding risks for banks and reduce capital positions in case of exchange rate shocks. It noted that the share of foreign-currency loans stood at 34%, while the share of foreign-currency deposits was 52% at end-2023. It forecast the banks' lending to grow by 15% in 2024, relative to an average of 13% in the 2015-23 period, mainly driven by retail lending, which will support the banks' profitability but might affect their asset quality given risks from housing price dynamics. It noted that mortgages grew by 23% in 2023 and expected their growth rate to decelerate starting in 2025 due to the phasing-out of mortgage tax credits. Also, it expected Stage 3 loans to decrease from 6.1% at end-2022 to 5.8% at end-2024. Further, it estimated the domestic loans-to-domestic core customer deposits ratio at 125% at end-2023. Also, it expected the profitability of banks to normalize in 2024 after strong results in the 2022-23 period, and expected the return on adjusted equity to decrease from 30% in 2022 and 20% in 2023 to about 12% in 2024.

Source: S&P Global Ratings

TUNISIA

Banks face loan-loss ratio shortfalls

Fitch Ratings indicated that Tunisian banks had a Tier 1 capital ratio of 11.7% at end-June 2023 relative to a regulatory minimum of 7%, while the sector's capital adequacy ratio stood at 14.6% compared to a regulatory minimum of 10%, as at end-June 2023. But it noted that the ratios do not reflect the sector's elevated country risks and high single-obligor concentrations, and that Tunisian banks calculate their capital adequacy ratios (CAR) according to Basel I, which allows more favorable risk-weights for low-rated sovereign exposures. But it indicated that the International Financial Reporting Standard (IFRS) 9 requires Tunisian banks to report expected and incurred credit losses from loans, which would reveal the industry's loan-loss reserve ratio shortfall and reduce the sector's CAR by 30 basis points. It stated that most banks would still meet the regulatory requirements under IFRS 9, but that some of them may need to raise new capital. In parallel, it noted that the Tunisian banking sector's loan-loss reserve ratio stood at 52% as at end-June 2023, indicating that banks may not have enough reserves to adequately cover non-performing loans. It pointed out that the banks' additional provisions are mainly to cover potential losses from Stage 2 loans, which have seen their credit risk increase significantly, while the sector's Stage 3 loans are already fairly covered and Stage 1 loans do not require additional reserves. Also, it estimated that the sector's average impaired loans ratio stood at 13.5% in recent years and exceeded the 7% ceiling that banks are expected to meet by end-2026.

Source: Fitch Ratings

TÜRKIYE

Ankara nearly completes AML/CFT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated at its February 2024 plenary session that Türkiye has substantially completed its AML/CFT action plan. It said that, since October 2021, Türkiye has made a high-level political commitment to work with the FATF in order to strengthen the effectiveness of its AML/CFT regime. As such, the FATF noted that it made an on-site assessment to verify that the implementation of the AML/CFT reforms has begun and that the necessary political commitment remains in place to sustain implementation in the future. It considered that the Turkish authorities enhanced their approach to risk-based AML/CFT supervision and took steps to ensure that sanctions for AML/CFT breaches and beneficial ownership requirements are dissuasive. It said that Türkiye expanded the resources of its Financial Intelligence Unit and increased the use of financial intelligence. It added that the authorities carried out more complex money laundering investigations and prosecutions in line with risks, and improved the country's asset recovery system. Also, it indicated that the authorities prioritized terrorism financing investigations, prosecutions and confiscations related to United Nations-designated groups. It added that Türkiye enhanced its implementation of targeted financial sanctions for terrorism financing. Further, it noted that the authorities increased the outreach to a broad range of non-profit organizations (NPOs), and took steps to ensure that the supervision of NPOs is risk-based and does not disrupt or discourage legitimate NPO activity such as fundraising.

Source: Financial Action Task Force

ENERGY / COMMODITIES

Oil prices to average $92 p/b in first quarter of 2024

ICE Brent crude oil front-month prices averaged $80.4 p/b in the first nine weeks of 2024, representing a decrease of 4% from $83.8 p/b in the same period of 2023, driven by lower global demand and a slowdown in economic activity in OECD economies. But oil prices increased by 1.1% to $83 per barrel (p/b) on March 6 on increased expectations that the U.S. Federal Reserve would reduce its policy rate this year, as well as on the decision of the OPEC+ coalition to extend its crude production cuts of 2.2 million barrels per day (b/d) through the end of June 2024. In fact, OPEC+ declared on March 3, 2024 that several member countries announced that they will extend additional voluntary cuts in order to support the stability of the global oil market. It stated that Saudi Arabia would reduce its production by 1 million b/d in the second quarter of 2024, followed by Iraq with 220,000 b/d, the UAE with 163,000 b/d, Kuwait with 135,000 b/d, Kazakhstan with 82,000 b/d, Algeria with 51,000 b/d, and Oman with 42,000 b/d. It added that Russia will reduce its production by 350,000 b/d in April, by 400,000 b/d in May and by 471,000 b/d in June, while it will lower its exports by 121,000 b/d in April and by 71,000 b/d in May 2024. In parallel, Standard Chartered Bank expected the global oil market to significantly tighten in the first half of 2024. It projected oil inventories to decrease by 1.1 million b/d in the first quarter and by 0.9 million b/d in the second quarter of 2024. It noted that the new production and exports cuts from Russia might reflect recent logistical and marketing challenges. Further, it forecast oil prices to average $92 p/b in the first quarter and $94 p/b in the second quarter of 2024.

Source: Standard Chartered Bank, OPEC, Refinitiv, Byblos Research

ME&A's oil demand to grow by 4% in 2024

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 13.57 million barrels per day (b/d) in 2024, which would constitute a rise of 3.7% from 13.1 million b/d in 2023. The region's demand for oil would represent 23.2% of demand in non-OECD countries and 13% of global consumption in 2024.

Source: OPEC

Iraq's oil exports at 99.6m barrels in February 2024

Preliminary figures from the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 99.6 million barrels in February 2024, constituting a decrease of 3.8% from 103.5 million barrels in January 2024 and an increase of 8% from 92.3 million barrels in February 2023. Exports from the central and southern fields stood at 98.2 million barrels in February 2024, while oil exports averaged 3.4 million barrels per day (b/d) in February 2024.

Source: Iraq Ministry of Oil, Byblos Research

Saudi Arabia's oil export receipts at $19.3bn in November 2023

Total oil exports from Saudi Arabia stood at 7.2 million barrels per day (b/d) in November 2023, constituting a decline of 2.2% from 7.3 million b/d in October 2023 and a decline 15% from 8.5 million b/d in November 2022. Further, oil export receipts reached $19.3bn in November 2023, representing decreases of 12% from $21.9bn in October 2023 and of 19.4% from $24bn in November 2022.

Source: JODI, General Authority for Statistics, Byblos Research

Base Metals: Iron ore prices to average at $131 per dry metric ton in first quarter of 2024

LME iron ore cash prices averaged $129.2 per dry metric ton (dmt) in the first nine weeks of 2024, constituting an increase of 4.5% from an average of $123.6 a dmt in the same period of 2023, due mainly to robust demand and reduced iron ore inventories in China, as well as lower-than-expected output from Brazil and Australia. Also, iron ore prices peaked at $143.4 dmt on January 3, 2024, their highest level since June 9, 2022 when they reached $146.5 dmt, driven by expectations of policies in China aimed at reviving its slowing economy, as well as by a 25% month-on-month decrease in exports from Brazil in January 2024. The metal's price regressed to $116 dmt on March 6, 2024, amid disappointing demand in China. Further, S&P Global Market Intelligence forecast the global supply for iron ore to increase from 2.43 million tons in 2023 to 2.47 million tons in 2024, or by 1.7%. Also, it projected the global demand for iron ore to grow by 1.1% from 2.46 million tons in 2023 to 2.48 million tons in 2024. However, it forecast China's iron ore imports to fall by 13 million metric tons in 2024, due to weak domestic demand for steel caused by the slow pace of the property sector's recovery, which would be balanced by robust growth in other sectors and a projected increase in the country's steel exports. Further, it forecast iron ore prices to average $129.2 per dmt in the first quarter of 2024, with a low of $120 per dmt and a high of $140 per dmt in the covered quarter.

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

Precious Metals: Gold prices to average $2,006 per ounce in first quarter of 2024

Gold prices averaged $2,036.6 per troy ounce in the first nine weeks of 2024, constituting an increase of 8.7% from an average of $1,872.9 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, as well as to expectations that the U.S. Federal Reserve would reduce policy rates that would result in a weaker U.S. dollar and increase demand for gold. Further, prices reached an all-time high of $2,145.9 per ounce on March 6, 2024 amid new data suggesting lower-than-expected inflation rates in the U.S., which prompted the U.S. Federal Reserve to hint at potential interest rate cuts. Further, Standard Chartered Bank (SCB) considered that the increased expectations of U.S. interest rate cuts reduced Treasury yields and placed downwards pressure on the US dollar index, resulting in stronger demand for gold. However, it noted that the increase in gold prices would be more sustainable when the Fed starts cutting interest rates. Also, S&P Global Market Intelligence stated that the recent appeal of gold is supported by the decline in the consumer price index in China, which adds to expectations that the Chinese government will enact stimulus packages that would support the economy and weaken the local currency. In parallel, SCB said that the growth in the demand for gold-backed exchange traded funds (ETF) has been slower and the market continues to experience outflows, as net ETF outflows decreased by 6% from 51 tons in January to 48 tons in February 2024. Further, S&P Global Market Intelligence projected gold prices to average $2,006 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 Negative	-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	- -	Ba2 Stable	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	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	28-Feb-24	No change	10-Apr-24
Switzerland	SNB Policy Rate	1.75	14-Dec-23	No change	21-Mar-24
Canada	Overnight rate	5.00	6-Mar-24	No change	1-Apr-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Feb-24	No change	20-Mar-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	22-Feb-24	No change	12-Apr-24
Malaysia	O/N Policy Rate	3.00	7-Mar-24	No change	09-May-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	27.25	06-Mar-24	Raised 600bps	28-Mar-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	45.00	22-Feb-23	No change	21-Mar-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	22.75	27-Feb-24	Raised 400bps	26-Mar-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	8-Feb-24	No change	21-Mar-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	13-Feb-24	No change	N/A
Bulgaria	Base Interest	3.80	1-Mar-24	Raised 1bps	1-Apr-24
Kazakhstan	Repo Rate	14.75	23-Feb-24	Cut 50bps	12-Apr-24
Ukraine	Discount Rate	15.00	25-Jan-24	No change	14-Mar-24
Russia	Refi Rate	16.00	16-Feb-24	No change	22-Mar-24

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