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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sovereigns' market debt projected at $71 trillion at end-2024

S&P Global Ratings projected the global stock of commercial borrowing of sovereigns to reach $71.3 trillion (tn) at the end of 2024, which would constitute an increase of 7.6% from $66.2tn at end-2023. It forecast the debt stock of sovereigns in the 'AA' rating category at $37.5tn at end-2024, which would account for 52.6% of aggregate market debt, followed by sovereigns in the 'A' bracket with $16.7tn (23.4%), issuers in the 'BBB' range with $7.7tn (11%), sovereigns in the 'AAA' segment with $5.5tn (7.7%), issuers in the 'BB' bracket with $2.4tn (3.3%), sovereigns in the 'B' range with $774.5bn (1.1%), issuers in the 'CCC' segment with $514.9bn (0.7%), and sovereigns in the 'Selective Default' bracket with $200.7bn (0.3%). In parallel, it forecast the long-term commercial borrowing of sovereigns at $11.49tn at the end of 2024 compared to $10.68tn in 2023, which would account for 16.1% of their aggregate market debt. It projected the long-term commercial borrowing of sovereigns in the 'AA' category at $5.6tn in 2024, or 48.8% of the total, followed by the long-term market debt of sovereigns in the 'A' bracket at $3.4tn (29.8%), issuers in the 'BBB' range at $1.2tn (10%), sovereigns in the 'AAA' segments at $611.5bn (5.3%), issuers in the 'BB' bracket at $402.3bn (3.5%), sovereigns in the 'B' range at $169.3bn (1.5%), issuers in the 'CCC' category at $100.8bn (0.9%), and sovereigns in the 'Selective Default' segment at $20.6bn (0.2%).
Source: S&P Global Ratings

Mergers and acquisitions deals down 34% to $34bn in 2023

Bain & Co. estimated global mergers and acquisitions (M&A) in the wealth and asset management (WAM) sector at $34bn in 2023, constituting a decrease of 34% from $51bn in 2022 and relative to a recent peak of $78bn in 2021. It pointed out that M&A transactions in the WAM industry amounted to $41bn in 2017, $49bn in 2018, $60bn in 2019, and $58bn in 2020. It said that M&A deals in the Asia-Pacific region stood at $13bn and accounted for 38.2% of aggregate deal value in 2023, followed by the Europe, the Middle East, and Africa (EMEA) region with $11bn (32.4%), and the Americas with $9bn (26.5%). In addition, it estimated the number of M&A transactions in the WAM industry at 671 deals last year, constituting a decline of 25% from 895 transactions in 2022. It stated that the number of M&A deals reached 850 transactions in 2017, 687 deals in 2018, 711 transactions in 2019, 621 deals in 2020, and 777 transactions in 2021. Also, it estimated the number of M&A deals in the Americas at 316, or 47% of the aggregate number of M&A deals in the covered period, followed by the EMEA region with 197 transactions (29.4%), and the Asia-Pacific region with 157 deals (23.4%). In parallel, the latest available figures show that 45.3% of deals took place in the wealth management segment, 15% were in the asset management category, 7.8% were in asset management alternatives, 5.8% took place in the insurance field, 5.6% were undisclosed, and 5.2% were in the banking sector in the first nine months of 2023.
Source: Bain & Company, Byblos Research

MENA

Level of economic diversification varies across region

The Mohammed bin Rashid School of Government ranked Lebanon in 41st place globally and in first place in the Arab world on its Global Economic Diversification Index for 2024. Jordan followed in 45th place, then Tunisia (50th), Morocco (54th), and Egypt (67th), as the five most diversified Arab economies. In contrast, the UAE (70th), Bahrain (78th), Saudi Arabia (91st), Qatar (97th), Oman (102nd), and Kuwait (104th) are the five Arab countries in the survey with the lowest level of economic diversification. The index assesses the level of economic diversification in each country and ranks the countries based on their status and progress on diversification. The index is an unweighted average of three sub-indices that are the Output Diversification Sub-Index, the Trade Diversification Sub-Index, and the Government Revenue Diversification Sub-Index. The Arab region's average score stood at 94.8 points compared to 94.1 points in the previous survey, but it remained lower than the global average score of 101.4 points. In comparison, the level of economic diversification in the Arab region is higher than in Sub-Saharan Africa (89.3 points), but is lower than in North America (132.8 points), Western Europe (114.8 points), East Asia and the Pacific region (109 points), Eastern Europe and Central Asia (101.2 points), South Asia (97.5 points), and Latin America and the Caribbean (96.8 points).
Source: Mohammed Bin Rashid School of Government, Byblos Research

Women's opportunities vary across Arab world

The World Bank ranked the UAE in 84th place globally and in first place in the Arab world on its Women, Business and the Law Index for 2024. Morocco followed in 121st place, then Saudi Arabia and Djibouti (136th each), and Bahrain (144th), as the five highest ranked Arab economies in the survey. In contrast, Kuwait (184th), Qatar (185th), Sudan (186th), Yemen (189th), and the West Bank & Gaza (190th) are the five lowest ranked Arab countries on the index. The index assesses how a country's legislation influences the equality of opportunities for women during different phases of their working lives and how this, in turn, affects female participation in the labor force. The index is an unweighted average of eight indicators that are Mobility, Workplace, Pay, Marriage, Parenthood, Entrepreneurship, Assets, and Pension. The Arab region's average score stood at 52.6 points compared to 50.9 points in the previous survey, but it came significantly lower than the global average score of 77.9 points. The region's average score shows that legislation in Arab countries provides females with nearly 53% of the legal rights that males have on the eight indicators. In comparison, legislation in OECD high income countries provides females with 95.4% of the legal rights it extends to males, followed by Europe and Central Asia (85.8%), Latin America and the Caribbean (81.2%), Sub-Saharan Africa (74%), East Asia & the Pacific (73%), and South Asia (63.7%). Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Latvia, Luxembourg, the Netherlands, Portugal, Spain, and Sweden are the only countries in the world that provide females with 100% of the legal rights that males have.
Source: World Bank, Byblos Research

OUTLOOK

AFRICA

Favorable medium-term economic prospects for WAEMU countries, downside risks significant

The International Monetary Fund projected real GDP growth in the member countries of the West African Economic and Monetary Union (WAEMU) to accelerate from 5.1% in 2023 to 6.8% in the 2024-25 period due to region's resilience to multiple shocks and to the start of new hydrocarbon production. But it noted that the outlook is subject to downside risks that include political uncertainties and the further deterioration of regional security. As such, it stressed the importance of a prudent policy mix to maintain macroeconomic stability and to rebuild external buffers, along with further efforts to promote financial stability and advance structural reforms to support growth.

Further, it projected the region's overall fiscal deficit including grants to narrow from 4.2% of GDP in 2024 to 3.2% of GDP in 2025, driven by the authorities' commitment to fiscal consolidation and revenue mobilization efforts to protect priority spending. Also, it expected the public debt level to decrease from 59.6% of GDP in 2024 to 57.9% of GDP in 2025. It considered that the completion of hydrocarbon projects and fiscal consolidation would lead to a quick narrowing of the current account deficit, and will contribute to the gradual rebuilding of external reserves. It also forecast the current account deficit to narrow from 7.9% of GDP last year to 4.8% of GDP this year, and to reach 3.6% of GDP in 2025. In addition, it expected foreign currency reserves to increase from $15.8bn at end-2023 to $17.9bn at end-2024 and $20.6bn at end-2025, and anticipated the reserve coverage to rise from 3.3 months of imports at end-2023 to 3.5 months of imports at end-2024 and 3.8 months of imports at end-2025.

In parallel, it stressed the importance of the authorities' continued efforts, as well as the need to enhance regional economic integration and improve the institutional frameworks. Also, it recommended the reintroduction of the WAEMU Convergence Pact to include a debt correction and enforcement mechanisms. It called on the authorities to further tighten monetary policy to rebuild external buffers and contain financial risks, and recommended the adoption of a medium-term plan to address risks from the banks' large holdings of domestic sovereign debt.

Source: International Monetary Fund

SAUDI ARABIA

Annual investments of $70bn to support economic diversification plan

Regional investment bank EFG Hermes projected Saudi Arabia's real GDP to shift from a contraction of 1% in 2023 to a growth rate of 1.3% in 2024, and forecast real non-oil GDP growth to decelerate from 4.8% in 2023 to 4% in 2024. Further, it said that the government transferred $164bn, or 8% of its stake in the national oil company Aramco, to the Public Investment Fund (PIF), which doubled the latter's share in the company to 16%. It considered that the transfer will increase the PIF's assets under management to $880bn and boost its annual income from dividends, which will provide financing for its various investment initiatives. It added that the transfer aims to increase the PIF's financing capacity, following the Kingdom's plan to increase its annual investments from between $40bn and $50bn to $70bn during the 2025-30 period.

Further, it considered that the 8% stake transfer will reduce the government's receipts by $9.2bn, or 0.9% of GDP in 2024. It also anticipated a decrease in oil receipts from $201.2bn in 2023 to $190.5bn in 2024 due to the government's recent decision to extend oil production cuts until June 2024. As such, it projected the fiscal deficit to widen from 2.1% of GDP in 2023 to 3.1% of GDP in 2024, and estimated the fiscal breakeven oil price at $92 per barrel in 2024. It considered that the transfer reflects the Kingdom's significant reliance on public finances to accelerate its diversification strategy, as well as the economy's vulnerability to oil price volatility.

In addition, it forecast the current account balance to shift from a surplus of 0.5% of GDP in 2023 to a deficit of 1.2% of GDP in 2024, as it forecast oil exports receipts to regress from $235.7bn in 2023 to $213.3bn in 2024 and for non-hydrocarbon exports to increase from $68.4bn in 2023 to $69.5bn in 2024. Also, it projected foreign direct investment outflows to decrease from $17.5bn in 2023 to $3.1bn in 2024. It considered that private sector investments, including foreign direct investments, need to increase in order to support the economic diversification plan.

Source: EFG Hermes

TÜRKIYE

Policy measures to support short-term economic activity and public finances

The Institute of International Finance revised Türkiye real GDP growth rate from 2.5% to 3.5% in 2024. It attributed the upward revision to robust domestic demand and to lower inflation rates. Also, it expected economic activity to slow down to 2.5% in 2025 amid a tighter fiscal policy. Further, it forecast the fiscal deficit to widen from 5% of GDP in 2023 to 5.5% of GDP in 2024, but to be narrower than the government's deficit target of 6.4% of GDP for 2024, as earthquake-related spending remains sizeable this year. It expected the deficit to narrow to 2.9% of GDP in 2025 given the more contractionary fiscal stance next year.

Further, it anticipated private consumption to weaken markedly in the second half of 2024, if interest rates on lira deposits remain above the Central Bank of the Republic of Türkiye's (CBRT's) key policy rate and if the authorities avoid a sharp depreciation of the exchange rate after the municipal elections. It said that the slowdown in private consumption could help reduce import demand into 2025. Also, it expected the current account deficit to narrow from 4.1% of GDP in 2023 to between 2% of GDP and 3% of GDP in 2024, reflecting the increase in tourism receipts and expectations of the normalization of gold imports to $13bn this year, after they reached historic highs of about $30bn in 2023.

Further, it considered the CBRT's managed float exchange rate strategy to be risky due to its relatively low net foreign currency reserve buffers, even though the strategy aims to minimize the effects of the exchange rate pass-through to inflation and encourage the de-dollarization of deposits. It noted that net international reserves declined from $40bn at the end of 2023 to $20bn in early March. But it expected the supply of foreign currency to improve after the elections and for demand by residents for foreign currency to weaken, mainly if lira-deposit rates continue to rise, which would allow the CBRT to accumulate foreign currency reserves and reverse the recent downward trend.

Source: Institute of International Finance

ECONOMY & TRADE

GCC

Agencies take rating actions on sovereigns

S&P Global Ratings affirmed Saudi Arabia's short- and long-term local and foreign currency sovereign credit ratings at 'A/A-1', and maintained the 'stable' outlook on the long-term ratings. It also affirmed the transfer and convertibility (T&C) assessment ratings at 'A+'. It attributed the ratings' affirmation to the country's rapid economic and social transformation program under Vision 2030, to the acceleration of investment projects, and to the diversification of the economy away from the hydrocarbon sector. It pointed out that the economy will continue to benefit from large investment projects that are mostly funded by the Public Investment Fund and the National Development Fund. It said that the 'stable' outlook reflects the agency's expectations that the government's reforms plan will support non-oil growth and fiscal receipts, and that the fiscal balance will face pressures due to the country's transformation plan and growing population. Further, it indicated that it could downgrade the ratings if the fiscal balance deteriorates due to an erosion of the government's net asset position, in case of a decline in real per capita GDP, and/or if regional instability picks up. In parallel, Fitch Ratings affirmed Kuwait's short- and long-term local and foreign currency issuer default ratings at 'F1+' and 'AA-', respectively. It maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings reflect the country's strong fiscal and external balance sheets. But it noted that the ratings are constrained by the economy's heavy dependence on the oil sector, its general welfare system and large public sector, as well as by political divisions that have hindered reform efforts. It said that it could downgrade the ratings in case liquidity pressure on the General Reserve Fund intensifies in the absence of a new law allowing the government to issue debt, and/or if the country's fiscal and external balances deteriorate significantly.

Source: S&P Global Ratings, Fitch Ratings

CÔTE D'IVOIRE

Real GDP growth rate projected at 6.8% in 2024

The International Monetary Fund (IMF) announced that it has approved a $1.3bn Resilience and Sustainability Facility (RSF) arrangement for Côte d'Ivoire to support the authorities' efforts to adapt to and mitigate for climate risks, particularly in agriculture, transport, infrastructure, and public financial management. It considered that rising temperatures, rainfall disruptions, floods, rising sea levels and coastal erosion constitute risks to sustainable economic growth in the country. It added that the economic vulnerabilities to climate change are mostly due to the country's heavy reliance on agriculture that employs 50% of the workforce and contributes 17% of GDP and 10% of tax revenues, and to the concentration of industrial and services activity in coastal areas. Further, it projected Côte d'Ivoire's real GDP growth rate at 6.5% and the average annual inflation rate at 3.8% in 2024, and forecast the current account deficit to narrow from 5.8% in 2023 to 3.8% in 2024. It stated that the RSF arrangement aims to support the integration of climate risks into public financial management, strengthen the governance of climate policies, reinforce safeguards for the agricultural sector, create a framework for green and sustainable financing, build resilience to climate hazards, and control and reduce greenhouse gas emissions.

Source: International Monetary Fund

EGYPT

Outlook on sovereign ratings revised to 'positive'

S&P Global Ratings affirmed Egypt's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B-', respectively, and revised the outlook on the long-term ratings from 'stable' to 'positive'. It attributed the outlook revision to the large inflows of external funding and to significant steps that the authorities took to address some of Egypt's macroeconomic imbalances. It added that the ratings' affirmation reflects Egypt's high debt level and very weak debt affordability. It considered that the adjustment of the exchange rate, along with the policy anchor that the International Monetary Fund program provides, would support the country's ability to adjust to external shocks and eventually reduce the inflation and interest rates, as well as the government's debt servicing costs. It added that market confidence has improved given that the Central Bank of Egypt's long-term strategy for the exchange rate, and expected the Ras al-Hikma project to attract about $150bn in investments during its development phase. Further, it projected Egypt's gross external financing needs at 158.1% of current account receipts and usable foreign reserves in the fiscal year that ends in June 2024 and at 138.5% of current account receipts and usable foreign reserves in FY2024/25. Further, S&P indicated that it could revise the outlook to 'stable' if the authorities' commitment to macroeconomic reforms diminishes, and/or if the government's elevated debt servicing cost does not decline, which would increase the risk of a distressed debt exchange. It added that it could upgrade the ratings if Egypt's net government or external debt positions improve faster than expected, and/or if the wider availability of foreign currency results in the reduction of restrictions on foreign exchange.

Source: S&P Global Ratings

PAKISTAN

Economic outlook contingent on commitment to structural reforms

The International Monetary Fund (IMF) considered that the performance of the Pakistani economy has improved since the start of the year, with growth and confidence recovering due to the authorities' prudent policy management and capital inflows from international partners. But it expected growth to be modest this year and for the inflation rate to remain well above target, and noted the need for policy and reform efforts to address the country's economic vulnerabilities amid elevated external and domestic financing needs and an unstable external environment. Further, the IMF stated that it has reached a staff-level agreement on the second and final review under Pakistan's Stand-By Arrangement, which will provide the country access to about $1.1bn. It said that the new deal reflects the strong implementation by the caretaker government and the State Bank of Pakistan (SBP) of the IMF-backed program in recent months, as well as the new government's intention to continue the reforms process to achieve a sustainable recovery. Further, it noted that the SBP remains committed to maintaining a prudent monetary policy, in order to reduce the inflation rate, ensure exchange rate flexibility, and raise transparency in the foreign currency market. Also, it stated that the authorities expressed interest in a successor medium-term IMF-supported program to mitigate Pakistan's fiscal and external weaknesses and lay the foundation for sustainable growth.

Source: International Monetary Fund

UAE

Banking sector's outlook positive on supportive operating environment

Moody's Investors Service indicated that it changed the outlook on the UAE banking sector from 'stable' to 'positive' due to favorable operating conditions and strengthening buffers. It anticipated the banks' profitability margins to remain stable in 2024, as credit growth will support asset yields. Also, it said that the decrease in the cost-to-income ratio and loan-loss provisions, amid moderate inflation rates and supportive operating conditions, led to a record high net income to tangible assets ratio of 2% in 2023. In addition, it anticipated that the banks' stronger core capital and their higher loan-loss provisioning to provide solid buffers and a healthy extra layer of protection to the banks' core equity against expected losses. As such, it forecast the sector's Tangible Common Equity to risk-weighted assets ratio at 15.6% this year and to increase in the near term. Further, it anticipated UAE banks to retain comfortable funding positions and to maintain ample liquid resources in 2024, due to their moderate reliance on market funding and to their liquid assets that represented 39.8% of total assets at end-2023. In parallel, it expected the problem loans ratio to remain stable at 4% to 5% of total loans in the near term. It noted that the UAE banks' significant exposure to volatile sectors such as construction and contracting, as well as their foreign exposure to weaker economies such as Türkiye and Egypt, are weighing on the banks' asset quality. Also, it anticipated that the capacity of small- and medium-sized enterprises to repay their loans amid high interest rates will affect the loan quality of smaller banks. But it expected the government's diversification initiatives, structural reforms, and moderate inflation rate to support credit quality.

Source: Moody's Investors Service

EGYPT

Outlook on banks' ratings revised to 'positive' on change in sovereign outlook

Moody's Investors Service affirmed the long-term deposit ratings of National Bank of Egypt, Banque Misr, Banque du Caire and Commercial International Bank at 'Caa1', as well as the rating of Bank of Alexandria at 'B3'. Also, it revised the outlook on the banks' long-term ratings from 'negative' to 'positive', following its similar action on the sovereign ratings due to the announcement of high levels of foreign direct investments from the UAE. It attributed the outlook revision on the banks' ratings mainly to the agreement with the UAE and to the change in Egypt's economic policy, which will have a positive impact on the banking sector given that the banks' holdings of sovereign debt securities are equivalent to between two and seven times their shareholders' equity. As such, it linked the creditworthiness of the banking sector to the credit profile of the Egyptian government. It added that the 'positive' outlook captures the recent policy rate hikes after a protracted period of negative interest rates, and reflects the tightening of fiscal policy that aims to reduce inflation, support debt sustainability, and improve private sector activity. In parallel, it indicated that the affirmation of the five banks' ratings reflects their elevated solvency and liquidity risks due to their significant exposure to the sovereign, as well as pressures on their capitalization, asset quality, and profitability.

Source: Moody's Investors Service

IRAQ

Agencies take rating actions on banks

Fitch Ratings downgraded the long-term Issuer Default Rating (IDR) of the Trade Bank of Iraq (TBI) from 'B-' to 'CCC+', and assigned to Ameen Al-Iraq Bank (AIB) an IDR of 'CCC+'. Further, it downgraded TBI's Viability Rating (VR) from 'b-' to 'ccc+', while it gave AIB a VR of 'ccc+'. It said that the downgrade of TBI reflects the limited help the bank could receive from the government in case of need, while the downgrade of its VR takes into account its weak business profile and financial metrics, as well as its deteriorating asset quality, profitability and capitalization. It noted that the VR of AIB considers its small franchise, high concentration of deposits and weak profitability, against the bank's good asset quality, solid capital ratios and high share of liquid assets. In parallel, Capital Intelligence Ratings affirmed the short-term foreign currency ratings (FCRs) of the National Bank of Iraq (NBI), Commercial Bank of Iraq (CBIQ), and Al Mustashar Islamic Bank at 'B', while it maintained the long-term FCRs of NBI and CBIQ at 'B' and those of MIB at 'B-'. It also affirmed the Bank Standalone Ratings (BSRs) of the three banks at 'b-' and maintained the 'stable' outlook on their ratings and on their BSRs. It pointed out that the ratings of the three banks are constrained by their high deposit concentration and elevated credit risk profile, but that they are supported by the banks' solid capitalization, asset quality and profitability. In addition, Moody's Investors Service assigned local and foreign currency long-term and short-term bank deposit ratings of 'Caa1/NP' and a Baseline Credit Assessment (BCA) of 'caa1' to the Bank of Baghdad and to the Ashur International Bank for Investment. It noted that the banks' BCAs are supported by their strong capitalization, solid profitability, and sizeable liquid assets.

Source: Fitch Ratings, CI Ratings, Moody's Investors Service

TÜRKIYE

Ratings on 18 banks upgraded, outlook on 25 banks changed to 'positive'

Fitch Ratings upgraded the long-term foreign currency Issuer Default Ratings (IDRs) of 17 Turkish banks from 'B-' to 'B' and of one bank from 'B' to 'B+', as well as the long-term local currency IDRs of 16 banks from 'B' to 'B+', following its earlier upgrade of Türkiye's long-term local and foreign currency IDRs from 'B' to 'B+'. Also, it revised the outlook from 'stable' to 'positive' on the long-term ratings IDRs of 25 banks. Further, it placed on Rating Watch Positive (RWP) the viability ratings (VRs) of five banks and the long-term local currency IDRs of three banks. It noted that the RWP takes into account the improving operating conditions and increasing macroeconomic stability in the country, which would positively impact the banks' credit profiles, strengthen their franchises and underpin their external market access and their funding and liquidity buffers. It said that the VRs of the banks range from 'ccc+' to 'b' and reflect their exposure to the volatile Turkish operating environment, as well as their largely satisfactory financial metrics due to adequate asset quality, good profitability, reasonable capitalization, and acceptable foreign currency liquidity buffers. But it pointed out that risks to the operating environment remain, driven by the banks' reliance on external wholesale funding, the high level of deposit dollarization, and elevated lending in foreign currency.

Source: Fitch Ratings

Oil prices to average $81.5 p/b in second quarter of 2024

ICE Brent crude oil front-month prices reached $87.38 per barrel (p/b) on March 19, 2024, constituting an increase of 6.7% from a recent low of $81.9 p/b on March 12, 2024, due to lower exports by Iraq and Saudi Arabia, to signs of stronger demand and economic growth in China and the U.S., and to Russia's decision to cut oil production following Ukraine's recent drone attacks on its refineries. In parallel, the International Energy Agency (IEA) forecast global oil demand to slow down from 2.3 million barrels per day (b/d) in 2023 to 1.3 million b/d in 2024, as demand returns to its historical trend while surging electrical vehicles sales reduce the use of energy. It revised upwards its forecast for oil demand by 110,000 b/d in 2024 compared to a previous forecast as longer shipping routes and faster vessel speeds, along with surging US ethane demand for its petrochemical sector drive the increase in oil demand. Also, it projected global oil supply to increase by 800,000 b/d to 102.9 million b/d this year, due to higher output from non-OPEC+ producers in the second quarter of 2024 after some OPEC+ members announced that they would extend extra voluntary cuts to support market stability. It expected higher output from the U.S., Brazil, Canada, and Guyana to add 1.3 million b/d of new oil production this year. Also, it anticipated oil output to decline by 870,000 b/d in the first quarter of 2024 compared to the last quarter of 2023, driven by extreme weather conditions that halted production in several countries and the OPEC+ coalition's extended output cuts. In parallel, Refinitiv projected oil prices, through its latest crude oil price poll of 39 industry analysts, to average $80.5 p/b in the first quarter and $81.5 in the second quarter of 2024.

Source: IEA, Refinitiv, Byblos Research

LME proposes Jeddah as new regional delivery point for copper and zinc

The London Metal Exchange Ltd. announced plans to list Jeddah as a new delivery point for copper and zinc to the Middle East, North Africa and East Africa regions, subject to consultation on a technical change to the LME's warehouse location framework. But it said that Jeddah fully meets the operational and logistical criteria for new warehouse locations at the Jeddah Islamic Port and the Bonded Re-Export Zone, given the city's efficient transport network. It noted that the new Jeddah delivery point is part of Saudi Arabia's Vision 2030 that aims to transform the kingdom into a leading global player in the energy, mining, logistics and industry sectors.

Source: S&P Global Market Intelligence

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

Algeria's crude oil production down 6% in November 2023

Crude oil production in Algeria totaled 960,000 barrels per day (b/d) in November 2023, constituting a decrease of 6% from 1.02 million b/d in November 2022. Further, aggregate crude oil exports from Algeria stood at 391,000 barrels per day (b/d) in November 2023, up by 13.3% from 345,000 b/d in November 2022.

Source: JODI, Byblos Research

Base Metals: Aluminum prices to average $2,300 per ton in second quarter of 2024

The LME cash price of aluminum averaged $2,195.4 per ton in the year-to-March 20, 2024 period, constituting a decrease of 9.1% from an average of $2,415.6 a ton in the same period last year, due to elevated inventories of the metal, weaker global demand for aluminum, and to the slowdown of the global economy. In parallel, Citi Research stated that its outlook on aluminum prices for 2024 is neutral, due to weaker demand for the metal in the global market ex-China despite stronger demand from China. Further, it projected the primary supply of aluminum at 71.56 million tons in 2024, representing an increase of 1.7% from 70.37 million tons in 2023. Also, it forecast the primary demand for the metal at 71.5 million tons this year, up by 2.5% from 69.79 million tons in 2023. In its base case scenario, it expected the price of the metal to average $2,300 per ton in 2024, as it anticipated market confidence to grow amid expectations of policy rate cuts around the world. Further, in its bear case scenario, it forecast aluminum prices to average $2,150 per ton this year due to a slowdown of the global economy, while in its bull case scenario, it projected aluminum prices to rise to $2,515 per ton in 2024, driven by expectations of supply disruptions of the metal. Also, it forecast silver prices to average $2,300 per ton in the second quarter of 2024.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Silver prices to average $24 per ounce in second quarter of 2024

Silver prices averaged $23.2 per troy ounce in the year-to-March 20, 2024 period, constituting an increase of 3.4% from an average of $22.5 an ounce in the same period of 2023. The increase in prices was due mainly to elevated demand for the metal from the renewable energy sector and from the usage of electric vehicle (EV) batteries, as well as to expectations of policy rate cuts by the U.S. Federal Reserve that would result in a weaker US dollar and increase demand for silver. Further, prices regressed from a recent peak of $25.3 an ounce on March 15, 2024 to $24.9 per ounce on March 19, 2024 on anticipations that the U.S. Federal Reserve might delay its interest rate cuts amid higher-than-expected inflation rates. In parallel, Citi Research projected the global supply of silver at 1,032 million ounces in 2024 relative to 1,000 million ounces last year, with mine output representing 81.5% of the total. Further, it forecast demand for the metal at 1,231 million ounces in 2024 compared to 1,211 million ounces in 2023. In its base case scenario, it expected the price of the metal to average $25 per ounce in 2024, as it anticipated elevated demand from the EV and renewable energy sectors. Further, in its bear case scenario, it projected silver prices to average $20 per ounce this year due to elevated real interest rates in the U.S. and the substantial weakening of demand from China and India. However, in its bull case scenario, it expected silver prices to rise to $29 per ounce in 2024, driven by declining U.S. real interest rates, a deeper-than-expected economic slowdown in the U.S. and the European Union, and a strong recovery in silver imports from China and India. Also, it forecast silver prices to average $24 per ounce in the second quarter of 2024.

Source: Citi Research, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	- -	- -	- -	- -	-3.7	54.9	-	-	-	-	2.0	0.4
Angola	B- Stable	B3 Positive	B- Stable	- -	-1.0	82.6	4.5	53.7	27.0	110.0	1.6	-4.3
Egypt	B- Positive	Caa1 Positive	B- Stable	B Negative	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	SD -	Caa3 Stable	CCC- -	- -	-3.0	29.0	0.5	37.9	7.2	157.6	-3.3	3.0
Ghana	SD -	Ca Stable	RD -	- -	-4.8	84.4	1.2	50.4	25.1	139.6	-1.5	3.5
Côte d'Ivoire	BB- Stable	Ba2 Stable	BB- Stable	- -	-4.2	54.4	4.7	47.6	15.7	112.3	-4.1	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-2.5	14.9	1.4	5.2	2.0	102.2	-5.6	4.2
Morocco	BB+ Stable	Ba1 Stable	BB+ Stable	- -	-4.4	66.3	4.4	23.3	7.5	92.3	2.5	1.6
Nigeria	B- Stable	Caa1 Positive	B- Stable	- -	-4.0	43.7	3.0	38.7	20.3	109.8	1.9	0.1
Sudan	- -	- -	- -	- -	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	- -	Caa2 Negative	CCC- -	- -	-5.6	33.7	-	-	26.1	-	-2.8	-1.1
Burkina Faso	CCC+ Stable	- -	- -	- -	-5.5	61.9	0.5	66.8	12.3	173.5	-4.9	0.5
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.8	67.8	2.8	19.2	9.5	115.9	-10.1	4.5
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ Stable	-4.0	120.8	-4.0	148.5	26.5	359.2	3.7	1.0
Iran	- -	- -	- -	B Stable	-	27.1	-	-	-	-	4.2	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.5	38.3	-15.3	3.4	2.0	41.2	7.3	-2.0
Jordan	B+ Stable	B1 Positive	BB- Stable	B+ Positive	-1.1	90.6	1.9	69.7	10.9	151.4	-4.5	1.8
Kuwait	A+ Stable	A1 Stable	AA- Stable	A+ Stable	-3.3	4.9	2.7	41.9	0.4	99.3	18.3	-3.0
Lebanon	SD -	C -	RD -	- -	-0.2	270.6	9.0	165.9	6.5	151.3	-9.5	0.5
Oman	BB+ Stable	Ba1 Stable	BB+ Stable	BB+ Stable	1.5	35.5	1.7	28.5	7.6	107.5	4.4	2.5
Qatar	AA Stable	Aa3 Stable	AA- Positive	AA Stable	-2.4	40.1	2.3	114.7	4.2	160.9	21.8	-2.4
Saudi Arabia	A Stable	A1 Positive	A+ Stable	A+ Positive	-0.7	25.6	10.2	21.9	3.8	65.0	1.6	-0.3
Syria	- -	- -	- -	- -	-	49.0	-	-	-	-	-15.5	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-	29.9	-	-	4.3	-	6.7	-
Yemen	- -	- -	- -	- -	-	50.7	-	-	-	-	-19.2	

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	-4.3	46.5	2.0	29.8	9.8	114.6	-3.0	2.2
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	61.5	10.6	26.0	5.8	64.7	2.2	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-8.1	84.1	6.6	27.5	28.1	84.3	-1.5	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	-2.7	26.1	4.0	26.6	7.9	99.2	-2.8	2.2
Pakistan	CCC+ Stable	Caa3 Stable	CCC -	- -	-5.8	76.9	0.9	36.8	48.2	138.2	-2.7	0.4
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-2.8	23.3	1.2	18.4	1.7	108.2	-0.8	1.8
Romania	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-4.9	47.9	3.9	23.4	6.4	100.2	-6.3	2.0
Russia	- -	- -	- -	- -	-0.8	19.8	11.6	23.0	3.6	61.1	2.0	-0.6
Türkiye	B Positive	B3 Positive	B+ Positive	B+ Stable	-3.6	29.1	1.2	77.3	9.5	166.0	-2.4	1.2
Ukraine	CC Negative	B3 Stable	CC -	- -	-17.0	95.0	4.6	38.1	10.2	105.8	-6.6	1.4

** Current account payments*

Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, Byblos Research - The above figures are projections for 2024

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	5.50	20-Mar-24	No change	01-May-24
Eurozone	Refi Rate	4.50	07-Mar-24	No change	21-Mar-24
UK	Bank Rate	5.25	01-Feb-24	No change	21-Mar-24
Japan	O/N Call Rate	0.00	19-Mar-24	Raised 10bps	27-Mar-24
Australia	Cash Rate	4.35	19-Mar-24	No change	18-Apr-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	01-Apr-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Mar-24	No change	22-Apr-24
Hong Kong	Base Rate	5.75	14-Dec-23	No change	N/A
Taiwan	Discount Rate	2.00	21-Mar-24	Raised 12.5bps	N/A
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	03-Apr-24
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	19.00	15-Mar-24	Raised 100bps	17-May-24
Mexico	Target Rate	11.25	8-Feb-24	No change	21-Mar-24
Brazil	Selic Rate	10.75	20-Mar-24	Cut 50bps	N/A
Armenia	Refi Rate	8.50	12-Mar-24	Cut 25bps	30-Apr-24
Romania	Policy Rate	7.00	13-Feb-24	No change	N/A
Bulgaria	Base Interest	3.80	1-Mar-24	Raised 1bps	01-Apr-24
Kazakhstan	Repo Rate	14.75	23-Feb-24	Cut 50bps	12-Apr-24
Ukraine	Discount Rate	14.50	14-Mar-24	Cut 50bps	25-Apr-24
Russia	Refi Rate	16.00	16-Feb-24	No change	22-Mar-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

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