750 ISSUES+
Issue 797 | March 28, 2024

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global trade down by 3% to $31 trillion in 2023

The United Nations Conference on Trade and Development (UNCTAD) estimated that global trade in goods and services reached $31 trillion (tn) in 2023, constituting a decrease of 3% from $32tn in 2022. It said that the global trade in services grew by $500bn, or by 8%, and that trade in goods contracted by $1.3tn (-5%) last year. Further, imports of goods and services to developing countries declined by 5% and imports to developed economies contracted by 7% in 2023, while exports from developing and developed economies regressed by 3% and 7%, respectively, in 2023. Also, imports of goods and services by Russia and Central Asia improved by 15% in 2023, while they declined in Europe by 10%, followed by decreases in East Asia (-7%), Latin America (-6%), North America and Africa (-4% each), Oceania (-3%), and the Middle East and Southwest Asia (-2%). In parallel, exports from Russia and Central Asia dropped by 21% in 2023, followed by exports from the Middle East and Southwest Asia region (-11%), Africa (-7%), East Asia (-6%), Oceania and Latin America (-4% each), North America (-2%), and Europe (-1%). Further, trade in transport equipment grew by 17% in 2023, followed by trade in road vehicles (+14%), pharmaceutical products (+3%), and precision instruments (+1%). In contrast, trade in energy products regressed by 17% in 2023, followed by trade in office equipment (-13%), metals and clothing apparel (-12% each), chemical products and textiles (-10% each), communication equipment and other manufactured foods (-7% each), minerals (-6%), agri-foods (-5%), and machinery (-2%).

Source: UNCTAD

EMERGING MARKETS

Trading in Credit Default Swaps down 13% to $1.2tn in 2023

Trading in emerging markets Credit Default Swaps (CDS) totaled $1.16 trillion (tn) in 2023, constituting a decrease of 13.4% from $1.34tn in 2022. Trading in emerging markets CDS stood at $380bn in the first quarter, $214.7bn in the second quarter, $330.9bn in the third quarter, and $232.5bn in the fourth quarter of 2023. Further, the volume of CDS contracts traded in the fourth quarter of 2023 declined by 29.7% from the preceding quarter and by 1.6% from $236.2bn in the fourth quarter of 2022. The most frequently traded sovereign CDS contracts in the fourth quarter of 2023 were those of South Africa at $23.6bn, followed by Türkiye at $19.4bn, China at $16.5bn, Brazil at $15.1bn, and Saudi Arabia at $12.6bn. As such, traded sovereign CDS contracts on South Africa accounted for about 10.2% of the trading volume in emerging markets CDS in the fourth quarter of last year, followed by CDS contracts on Türkiye (8.4%), China (7.1%), Brazil (6.5%), and Saudi Arabia (5.4%). Further, the most frequently traded corporate CDS contracts in the covered quarter were those of Brazil's state-oil company Petrobras at $1.7bn, followed by Mexico's state-oil company Pemex at $1.1bn, and Singapore's DBS Bank at $101m. As such, traded corporate CDS on Petrobras accounted for about 0.7% of total traded CDS contracts in emerging markets, followed by Pemex (0.5%), and DBS Bank (0.04%).

Source: EMTA

MENA

Level of digital government services varies across region

The United Nations Economic and Social Commission for Western Asia (ESCWA) ranked Saudi Arabia in first place among 18 Arab countries on its Government Electronic and Mobile Services Maturity Index for 2022. Qatar followed in second place, then the UAE, Oman, and Jordan, as the five Arab countries with the most mature digital government services. In contrast, Yemen, Sudan, Mauritania, Libya, and Sudan as the five Arab countries in the survey with the least developed e-government services available to citizens. The index assesses the availability and the level of maturity of digital services that Arab governments provide through online platforms and mobile applications. It aims to measure the progress and sustainability of the digital transformation at the national level in each Arab country, and highlights the issues in e-government services that need to be fixed. The index consists of 24 key performance indicators that are grouped in the Service Availability and Sophistication Pillar, the Service Usage and User Satisfaction Pillar, and the Public Outreach Pillar. The Arab region's average score stood at 34%. Based on the same set of countries, the level of maturity of e-government services improved in seven Arab countries, while it declined in five Arab countries from the 2021 survey. Further, Saudi Arabia ranked first on the Service Availability and Sophistication Pillar and on the Service Usage and User Satisfaction Pillar, while Somalia was ranked last on the two pillars. Also, the UAE came first on the Public Outreach Pillar, while Mauritania ranked last on this category.

Source: ESCWA, Byblos Research

SAUDI ARABIA

Private equity investments at $9bn in 2019-23 period

Figures released by online platform Magnitt show that private equity (PE) investments in Saudi Arabia stood at $523m in 2019, $165m in 2020, $610m in 2021, $3.6bn in 2022, and $3.97bn in 2023 for a total of $8.85bn during the 2019-23 period. Further, there were seven PE deals in 2019, four PE transactions in 2020, 10 deals in 2021, 28 investments in 2022, and 30 transactions in 2023 for a total of 79 transactions in the 2019-23 period. As such, PE investments in the Kingdom posted a compound annual growth rate (CAGR) of 66%, while the number of transactions increased by a CAGR of 44% during the 2019-23 period. In parallel, PE investments in the manufacturing sector amounted to $4.04bn and accounted for 45.6% of aggregate PE investments in Saudi Arabia in the 2019-23 period, followed by investments in financial services firms with $2.58bn (29.2%), the telecommunications industry with $1bn (11.3%), the healthcare sector with $586m (6.6%), and the food and beverages industry with $155m (1.8%). As such, the five sectors represented 94% of PE investments in Saudi Arabia in the covered period. Also, there were 15 investments in the food and beverages industry, or 19% of the aggregate number of deals in the 2019-23 period, followed by the healthcare sector with 11 transactions (14%), financial services companies with eight deals (10%), technology firms with seven investments (9%), and the manufacturing sector with six transactions (8%).

Source: Magnitt, Byblos Research

OUTLOOK

EMERGING MARKETS

Real GDP to grow by 3.8% in 2024-25 period, economic outlook varies across region

Citi Research projected the real GDP growth rate of emerging markets (EMs) at 3.7% in 2024 and 3.9% in 2025, depending on the easing of monetary policy worldwide. It forecast economic activity in Emerging Asia at 4.6% this year and 4.5% in 2025, and for the real GDP of the Middle East & Africa (ME&A) region to grow by 2.2% in 2024 and by 3.5% in 2025. Also, it expected economic activity in Emerging Europe to grow by 2.1% in 2024 and 2.8% in 2025, while it anticipated the real GDP growth rate of Latin America at 1.9% this year and next year.

Further, it projected the fiscal deficit of the EM region to narrow from 4.1% of GDP in 2024 to 3.7% of GDP in 2025, despite wider primary deficits and elevated public debt levels. It attributed the narrowing of the deficit to a less severe fiscal drag in 2024 for about half of the frontier sovereigns that have a program with the International Monetary Fund, and from the easing of external financing conditions. It expected the pace of fiscal consolidation in EMs to advance slowly in the near term, given the gap between the governments' stated intentions and their willingness to implement post-pandemic fiscal consolidation. It forecast the fiscal deficit in Emerging Asia to narrow from 4% of GDP this year to 3.5% of GDP in 2025, and for the deficit in Emerging Europe to regress from 4.4% of GDP in 2024 to 3.3% of GDP next year. It projected the fiscal deficit in Latin America to narrow from 5.5% of GDP in 2024 to 5.1% of GDP in 2025, but it forecast the fiscal deficit of the ME&A region to widen from 3.2% of GDP this year to 3.8% of GDP in 2025. Also, it forecast the public debt levels in most EM economies to remain elevated this year and to rise further in the near- to medium term, which would increase debt-servicing costs. It indicated that the real effective interest rate on government debt will gradually increase, as it expected the inflation rate in EMs to decrease from 4.9% in 2023 to 4.4% in 2024 and 3.8% in 2025. But it noted that the easing of monetary policy, especially by the U.S. Federal Reserve, could help attract capital to EMs and reduce their borrowing costs.
Source: Citi Research

SAUDI ARABIA

Favorable outlook to drive non-oil sector growth rate to 4.5% in 2024-25 period

The Institute of International Finance (IIF) projected Saudi Arabia's real GDP growth rate at 2.5% in 2024 and 4.4% in 2025 compared to a contraction of 1% in 2023, as the drag from lower oil production moderates this year, and given supportive oil and non-oil activity next year. It forecast the real non-oil sector's GDP to grow by 5% this year and by 4% in 2025, driven by private consumption and public investments, as the economy continues to benefit from the implementation of infrastructure megaprojects that are largely funded by the Public Investment Fund and the National Development Fund. It considered that sustaining the rapid non-oil growth rate will be contingent on diversifying the economy through deep and sustained reforms. Further, it expected the inflation rate to remain below 3% in 2024 due to the moderation in global food prices and tighter monetary policy worldwide, as well as to the Kingdom's price caps on some food products, electricity, and gasoline.

In parallel, the IIF projected Saudi Arabia's fiscal deficit at 2.2% of GDP in 2024, in case global oil prices average $84 per barrel (p/b) and Saudi Aramco transfers to the government 86% of its oil export receipts. It indicated that the low public debt level, ample financial buffers, and access to international capital markets at favorable terms will help the authorities finance the deficit. It considered that the country needs an average oil price of $93 p/b to balance the budget in 2024. But it said that a decline in spending, a rise in the volume of oil exports, a larger increase in non-oil revenues, and a higher share of oil receipts that are transferred to the budget would reduce the fiscal breakeven oil price to $80 p/b next year, and projected the fiscal deficit to narrow to 0.3% of GDP in 2025. Further, it anticipated the current account surplus to decline from 3.7% of GDP in 2023 to 2% of GDP in 2024 and in 2025 if oil production declines by 2.5% and imports continue to increase. It expected non-resident capital inflows to the Kingdom at $50bn in 2024, it forecast official foreign currency reserves at $428bn at end-2024 and $423bn at end-2025.
Source: Institute of International Finance

NIGERIA

Economic outlook contingent on currency stabilization and policy coordination

Citi Research projected Nigeria's real GDP growth rate to accelerate from 2.8% in 2023 to 3.9% in 2024 and 4.1% in 2025, driven by a decrease in the inflation rate, greater economic policy coordination, and the gradual availability of foreign currency reserves. Also, it forecast the inflation rate to increase from 24.7% in 2023 to 28.8% in 2024 due to ongoing high food price inflation, which still accounts for 50% of the consumer price index basket. But it expected the inflation rate to fall to 12% in 2025, as it anticipated a decline in food inflation next year. Also, it considered that the Central Bank of Nigeria's (CBN) increase of its policy rate by 600 basis points in February and March 2024, along with some technical reforms and regulatory controls of the foreign exchange market, have attracted some portfolio inflows and led to the stabilization of the Nigerian naira at levels of around NGN1,600 per US dollar. It added that the tightening of monetary policy and the recovery in oil production in the first half of 2024 would support the stability of the local currency in case the Nigerian National Petroleum Corporation (NNPC) resumes the transfer of its receipts to the CBN. It expected the NNPC to start generating revenues in foreign currency this year, as it did not accrue receipts since last year due to the cost of subsidies and the pre-selling of some of its crude oil production.

Further, it forecast the fiscal deficit to narrow from 3.1% of GDP in 2023 to 2.1% of GDP in 2024 and 2.2% of GDP, but it considered that the authorities will face challenges to contain public spending and may have to increase petrol prices later this year, given that the CBN will not finance the deficit. But it noted that capping fuel pump prices and electricity tariffs below cost recovery could have a fiscal cost of up to 3% of GDP in 2024. It projected the current account surplus at 1.9% of GDP in 2024 and 0.3% of GDP in 2025. It noted that the CBN has cleared $7bn in foreign currency arrears, which it considered an important step in the process of unifying the exchange rates and of starting to inject foreign currency liquidity in market. It forecast foreign currency reserves at $32.6bn at end-2024 and $35.7bn at end-2025.
Source: Citi Research

QATAR

Sovereign rating upgraded on improved fiscal and external positions

Fitch Ratings upgraded the long-term foreign and local currency ratings of Qatar from 'AA-' to 'AA', and revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed the ratings' upgrade to the agency's expectation that the public debt level will remain in line or below the level of 'AA'-rated sovereigns following its sharp decline in recent years. It noted that the ratings also reflect its projections of budget surpluses until 2030 and of the strengthening of the external balance sheet in the near term. It indicated that the ratings are supported by a high level of net foreign assets, one of the highest GDP per capita in the world, and a flexible public finance structure. But it noted that the ratings are constrained by an elevated public debt level compared to oil-dependent highly-rated peers and by considerable contingent liabilities, as well as by the economy's dependence on the hydrocarbon sector and low scores on governance indicators. It noted that the expansion of the North Field gas project will support hydrocarbon and non-hydrocarbon growth during the 2025-30 period. It added that the project will start supporting fiscal receipts from 2026 onwards and will reduce the fiscal breakeven oil price from $64 per barrel in 2024 to $50 p/b in 2027. Further, it said that it could take a negative rating action if Qatar's external balance sheet deteriorates, if the public debt level increases, and if regional geopolitical tensions escalate sharply.

Source: Fitch Ratings

TÜRKIYE

Fiscal and monetary policy coordination is key to inflation expectations

Deutsche Bank indicated that the Central Bank of the Republic of Türkiye (CBRT) hiked its interest rate by 500 basis points on March 21, 2024 in order to contain inflationary pressures amid resilient domestic demand, to support the Turkish lira, and to reduce concerns about the path of the exchange rate after the upcoming municipal elections, which will help the CBRT improve market sentiment and gain credibility in its fight against inflation. It noted that the recent pressure on foreign currency reserves should ease amid the increase in interest rates. It said that the CBRT might deliver additional macro-prudential measures to allow for a more effective transmission of the rise in policy rates to lira deposits rates, which would help the accumulation of lira-denominated deposits and reduce demand for foreign currency. It also expected the CBRT to keep its policy rate at a high level until the fourth quarter of 2024 and to start cutting rates in a gradual and persistent way starting in the final months of this year. In addition, it considered that the course of fiscal policy and its coordination with monetary policy will be important for the path of disinflation in the second half of 2024. In parallel, it indicated that the current account deficit narrowed from $10.4bn in January 2023 to $2.6bn in January 2024, and expected it to shift to a surplus in the summer. It added that the CBRT's proactive response to rising inflation will allow it to better anchor market expectations, which it considered it to be the most important factor to reduce the inflation rate.

Source: Deutsche Bank

TUNISIA

Outlook on sovereign ratings changed to 'stable'

Moody's Ratings affirmed Tunisia's long-term foreign- and local-currency issuer ratings at 'Caa2', or eight notches below investment grade, and changed the outlook on the long-term ratings from 'negative' to 'stable'. It attributed the outlook revision to the balance of risks that Tunisia's government faces, which incorporates a high probability of a sovereign default. It added that foreign exchange reserves have been resilient due to the sharp narrowing of the current account deficit that it projects at 4.5% of GDP in 2024, as well as to the continuing flow of limited external financial support relative to the government's financing needs. It noted that foreign currency reserves face the risks of potential drawdowns, but that they will continue to provide at least three months of import cover by the end of 2024. In addition, it attributed the ratings' affirmation to the high degree of financing constraints of the government amid persistent large financing needs, including a challenging debt maturity profile with principal repayments this year equivalent to 10% of GDP. In parallel, it noted that the structure of Tunisia's public debt is a key credit support due to the significant share of bilateral official loans. It said that it could upgrade the ratings if progress on structural reforms, anchored by external financial support, address the country's weak fiscal and external positions. In contrast, it said that it would downgrade the ratings if constraints on the availability of funding persist, and/or if external vulnerability risks lead to the currency's depreciation, and increase the likelihood of a debt restructuring.

Source: Moody's Ratings

ETHIOPIA

Sovereign ratings reflect debt vulnerabilities

S&P Global Ratings indicated that Ethiopia's short- and long-term foreign currency sovereign credit ratings of 'Selective Default' (SD) take into account the fact that the government did not fulfill its debt service obligations within the grace period, which it considered to be a default on its external commercial debt. It said that the short- and long-term local currency sovereign credit ratings of 'C' and 'CCC', respectively, and the 'negative' outlook on the 'CCC' rating reflect the elevated risks to the repayment of the local-currency commercial debt in the context of ongoing fiscal, external, and monetary pressures. It noted that the country's political situation remains fragile despite progress on peace efforts in the Tigray region, and that Ethiopia's public and external debt vulnerabilities remain significant. It pointed out that the availability of foreign funding is limited and that the low level of foreign currency reserves is declining, while the government is in discussions with its commercial creditors to restructure its $1bn Eurobond that matures in December 2024. It said that the authorities are looking to finalize a new program with the International Monetary Fund (IMF), which would pave the way for the restructuring of Ethiopia's official debt under the Group of 20 Common Framework. But it stated that the suspension of debt servicing on official bilateral loans remains contingent on the signing of an IMF Staff-Level Agreement by end- March 2024. In parallel, it indicated that it could upgrade the foreign currency ratings in case a large majority of private creditors accepts a debt restructuring deal.

Source: S&P Global Ratings

BANKING

UAE

Ratings on nine banks affirmed

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Emirates Development Bank (EDB) at 'AA-', the rating of Emirates Islamic Bank (EI) at 'A+', the IDR of Arab Bank for Investment and Foreign Trade (Al Masraf) at 'A', the rating of Commercial Bank of Dubai (CBD) at 'A-', and the IDRs of United Arab Bank (UAB), Sharjah Islamic Bank (SIB), The National Bank of Ras Al-Khaimah (Rakbank), Commercial Bank International (CBI), and Ajman Bank (AJB) at 'BBB+'. Also, it affirmed the short-term (ST) IDR of EDB at 'F1+', the ST ratings of EI and Al Masraf at 'F1', and the ST IDRs of UAB, SIB, Rakbank, CBD, CBI, and AJB at 'F2'. It indicated that the banks' ratings benefit from a very high probability of government support in case of need, except for EI, which is supported by its largest shareholder Emirates NBD. In parallel, Fitch affirmed the Viability Rating (VR) of EI and CBD at 'bb+', the ratings of SIB at 'bb', the VRs of UAB, Al Masraf, and AJB ADCB at 'b+', and the rating of CBI at 'b'. Also, it upgraded the VR of Rakbank from 'bb' to 'bb+' due to the bank's reduced risk profile after it began shifting its lending focus from high-risk small and medium enterprises to lower risk entities. It noted that the VRs of UAB, SIB, Rakbank, EI, EDB, CBD and Al Masraf are supported by their stable funding and adequate capital buffers, while those of UAB, SIB, EI, EDB, and CDB reflect their good asset quality. Further, it noted that CBI's VR reflects its weak liquidity profile, while the VRs of Al Masraf and AJB consider their low levels of profitability. It added that the VRs of UAB, SIB, CBD, CBI, and AJB reflect their high levels of loan concentration.

Source: Fitch Ratings

KUWAIT

Banking sector's outlook 'stable' on non-oil growth and profitability

Moody's Ratings indicated that it maintained the outlook on the Kuwaiti banking sector at 'stable' due to ongoing non-oil economic growth and the sector's solid profitability. It anticipated the banks' profitability margins to be stable in 2024, supported by credit growth and lower funding costs, and for the ratio of net income to tangible assets to stabilize at an average 1.4% in the next 12 to18 months. It added that the banks' profitability will remain strong given their large asset base, and that provisioning costs will be manageable due to their high loan-loss reserves. It noted that Kuwaiti banks have strong capital buffers and forecast the sector's Tangible Common Equity to risk-weighted assets ratio at 12.5% to 13% in the near term. It added that Kuwaiti banks will be funded by low-cost and stable deposits and that they have sufficient liquidity buffers, as their liquid assets stood at 30% of the sector's total tangible assets. But it indicated that credit growth has outpaced deposit growth, leading the loans-to-deposits ratio to exceed 90% and the market funding to stand at 21% of tangible banking assets at end-September 2023. Also, it expected the non-performing loans ratio at 1.8% at end-2024, driven by favorable operating conditions. In parallel, it noted that the large concentration of loans to single borrowers, and the banks' exposure to volatile sectors such as real estate and equity markets, as well as their foreign exposure to weaker economies such as Türkiye and Egypt, are weighing on their asset quality.

Source: Moody's Ratings

EGYPT

Capital inflows to reduce banking sector's net foreign liabilities

Fitch Ratings expected the Egyptian banking sector's foreign currency (FC) liquidity to improve due to the anticipated foreign capital inflows and to the devaluation of the national currency. It expected the UAE's $35bn foreign direct investment package, the 40% devaluation of the exchange rate of the Egyptian pound, and the anticipated $8bn in International Monetary Fund support to relieve external liquidity strains and narrow the banking sector's net foreign liability (NFL) position of $17.6bn at end-January 2024. Further, it considered investor confidence could also improve if the authorities demonstrate their commitment to implement structural reforms and move towards a flexible exchange-rate regime, which may accelerate foreign portfolio inflows and further narrow the banking sector's NFL position. In addition, it expected the sector's asset quality to remain solid despite the currency devaluation due to the low share of FC lending, and due to the limited number of cases of currency mismatches and of regulatory forbearance measures on impaired loans of small- and medium-sized enterprises. Also, it expected the banks' profitability and internal capital generation to improve due to the rise of yields on local currency sovereign securities and the potential increase in FC liquidity that would support credit growth. However, it projected the banks' capital ratios to decline as a result of the local currency's devaluation, as it forecast that a 10% devaluation of the pound would cause a decrease of 30 basis points in the banks' capital ratios.

Source: Fitch Ratings

PAKISTAN

Banking sector outlook changed to 'stable' on steady funding and liquidity

Moody's Ratings indicated that it changed the outlook on the Pakistani banking sector from 'negative' to 'stable' due to the latter's stable funding and liquidity, and to its elevated profitability, which provide adequate buffers to withstand the country's macroeconomic challenges and political turmoil. It anticipated the banks' profitability margins to moderate in 2024 but to remain at strong levels due to wide net interest margins that reached 4.3% and by a cost-to-income ratio of 44% at end-September 2023. But it expected higher provisioning needs and elevated tax rates to weigh on the banks' profitability, in the near term. Also, it noted that customer deposits accounted for 58% of total assets at end-September 2023 and that the stable deposit-based funding of the banks will continue to support the sector's financial stability. It added that Pakistani banks have sufficient liquidity buffers and that they do not rely on foreign currency funding. But it noted that a significant portion of the banks' holdings of government securities is less liquid than other sovereign securities given that they are placed as collateral with the State Bank of Pakistan to buy more government bonds. In addition, it stated that the Tier One capital ratio of the rated Pakistani banks was 15.3% of risk-weighted assets at end-September 2023, which is well above the regulatory minimum. In parallel, it stated that government securities account for 51% of the sector's total assets, which links their credit strength to that of the sovereign. Further, it expected the non-performing loans ratio to stabilize at around 9% of gross loans.

Source: Moody's Ratings

ENERGY / COMMODITIES

Oil prices to average $78 p/b in second quarter of 2024

ICE Brent crude oil front-month prices have been trading in the range of a low of $81.9 per barrel (p/b) on March 12 and a high of $87.4 p/b on March 19 so far this month. The increase in oil prices has been supported by 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, as well as by the escalation of drone strikes by Ukraine against Russian oil refineries that hit an estimated 900,000 barrels per day of capacity offline. In parallel, Citi Research expected the members of the OPEC+ coalition to maintain the cuts until mid-2025. But it anticipated OPEC+ producers to increase their oil exports given their high levels of spare capacity amid continued geopolitical risks that are disrupting the flow of crude oil and refined products. It noted that the spare capacity of Saudi Arabia and Russia has increased by 2 million b/d each relative to pre-pandemic levels. Also, it expected oil production in the U.S. to increase by 0.5 million b/d in 2024, oil output in Brazil to rise by 0.4 million b/d, production in Canada to expand by 0.2 million b/d, and output in Guyana to grow by 0.15 million b/d this year. But it indicated that the growth of global demand for oil would slow down in the next few years in case of an increase in demand for electric vehicles. In addition, it projected oil prices to average $81 p/b in the first quarter and $78 in the second quarter of 2024.

Source: Citi Research, Refinitiv, Byblos Research

Global gold reserves up 1% to 32,054 tons at end-2023

Global gold reserves reached 32,053.7 tons at end-2023, constituting a rise of 1.3% from 31,630.2 tons at end-2022. Western Europe held 11,774.6 tons in gold reserves last year and accounted for 36.7% of such reserves worldwide, followed by North America with 8,133.5 tons (25.4%), Central and Eastern Europe with 3,669 tons (11.4%), East Asia with 3,617.6 tons (11.3%), the Middle East and North Africa with 1,583.2 tons (4.9%), South Asia with 890.8 tons (2.8%), South East Asia with 808.4 tons (2.5%), Central Asia with 717.5 tons (2.2%), Latin America and the Caribbean with 607.1 tons (1.9%), Sub-Saharan Africa with 172.3 tons (0.5%), and Oceania with 79.9 tons (0.2%).

Source: World Gold Council, Byblos Research

Non-OPEC international petroleum and liquid fuels to grow by 1% in 2024

The U.S. Energy Information Administration projected the production of international petroleum and liquid fuels from non-OPEC producers at 70.3 million barrels per day (b/d) in 2024, constituting an increase of 1% from 69.6 million b/d in 2023. The supply of international petroleum and liquid fuels from non-OPEC producers would represent 68.8% of global output.

Source: U.S. Energy Information Administration

Global steel output up 0.5% in February 2024

Global steel production reached 148.8 million tons in February 2024, constituting increases of 0.5% from 148.1 million tons in January 2024 and of 4.5% from 142.4 million tons in February 2023. Production in China totaled 81.2 million tons and accounted for 54.6% of global steel output in February 2024, followed by output in India with 11.8 million tons (7.9% of the total), Japan with 7 million tons (4.7%), the U.S. with 6.5 million tons (4.4%), Russia with 5.7 million tons (3.8%), and South Korea with 5.1 million tons (3.4%).

Source: World Steel Association, Byblos Research

Base Metals: Copper prices to average $8,400 per ton in second quarter of 2024

LME copper cash prices averaged $8,431.6 per ton in the year-to-March 27, 2024 period, constituting a decline of 5.6% from an average of $8,927.6 a ton in the same period of 2023. The decrease in prices was due mainly to the slowdown in global economic activity, reduced copper demand in China, and the U.S. Federal Reserve suspending its interest rates hiking cycle, which resulted in lower demand for the metal amid a strengthened U.S. dollar. Further, copper prices reached $8,986.1 per ton on March 18, 2024, marking the metal's highest price since April 18, 2023 due to supply cuts by Chinese copper smelters, and by positive expectations of increased demand from China's electric vehicles industry and from the construction of renewable energy-related infrastructure. Prices were also supported by expectations that the U.S. Federal Reserve would reduce interest rates, which would weaken the U.S. dollar and increase demand for the metal, as well as by production disruptions from mine smelters in Zambia and Chile. In parallel, S&P Global Market Intelligence projected the global production of refined copper at 26.93 million tons in 2024, which would constitute an increase of 3.6% from 26 million tons in 2023. In addition, it forecast global demand for refined copper at 26.78 million tons in 2024, which would represent a rise of 2.9% from 26.02 million tons in 2023, driven in part by robust demand for the metal from Asia despite weaker demand for copper from the U.S. and European markets. As such, it expected the balance in the copper market to shift from a deficit of 26,000 tons in 2023 to a surplus of 147,000 tons in 2024. Further, it forecast copper prices to average $8,400 a ton in the second quarter of 2024 and $8,632 per ton in full year 2024.

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

Precious Metals: Palladium prices to average $1,100 per ounce in second quarter of 2024

The prices of palladium averaged $979.1 per troy ounce in the year-to-March 27, 2024 period, constituting a drop of 38% from an average of $1,576.5 an ounce in the same period last year. The decrease in palladium prices has been mainly driven by declining demand for autocatalysts in the automotive sector due to higher penetration levels of electric vehicles that have restrained the demand for the metal, as well as by the substitution of palladium with platinum in catalytic converters, a rebound in the recycling of the metal, and intense short-selling of palladium in the commodities market. In parallel, Citi Research anticipated the global supply of palladium at 8.67 million ounces in 2024, down by 2.6% from 8.9 million ounces in 2023, with mine output representing 70.8% of global output in 2024. Also, it forecast demand for the metal at 9.89 million ounces in 2024, nearly unchanged from 9.9 million ounces in 2023. As such, it expected the deficit in the palladium market to widen from 1 million tons in 2023 to 1.2 million tons in 2024. Further, it projected the global production of palladium to decrease in the short term due to smaller amounts of palladium being recycled, as well as to expected mine production cuts due to maintenance needs and the layoffs of workers in the palladium industry. It anticipated the global demand for the metal to also improve in the short term, driven by increased demand from China, as well as to expectations of policy rate cuts by the U.S. Federal Reserve that would result in a weaker US dollar and stronger demand for palladium. Moreover, it forecast palladium prices to average $1,100 per ounce in the second quarter of 2024 and $1,000 an ounce in full year 2024.

Source: Citi Research, 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	- -	- -	- -	- -	-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	Aa2 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				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								
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	Baa2 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	Ca 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	11-Apr-24
UK	Bank Rate	5.25	21-Mar-24	No change	09-May-24
Japan	O/N Call Rate	0.00	19-Mar-24	Raised 10bps	26-Apr-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	1.50	21-Mar-24	Cut 25bps	20-Jun-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	23-May-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	50.00	21-Mar-23	Raised 500bps	25-Apr-24
South Africa	Repo Rate	8.25	27-Mar-24	No change	30-May-24
Kenya	Central Bank Rate	13.00	06-Feb-24	Raised 50bps	03-Apr-24
Nigeria	Monetary Policy Rate	24.75	26-Mar-24	Raised 200bps	21-May-24
Ghana	Prime Rate	29.00	25-Mar-24	No change	27-May-24
Angola	Base Rate	19.00	15-Mar-24	Raised 100bps	17-May-24
Mexico	Target Rate	11.00	21-Mar-24	Cut 25bps	09-May-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	04-Apr-24
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	22-Mar-24	No change	26-Apr-24

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