750 ISSUES+
Issue 798 | April 4, 2024

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Insurers' losses from natural catastrophes and man-made disasters down 1.4% to $291bn in 2023

Global reinsurer Swiss Re estimated the global economic losses from natural catastrophes and man-made disasters at $291bn in 2023, constituting a decrease of 1.4% from $295bn in 2022, and compared to annual average losses of $235bn in the 2013-23 period. Economic losses include insured and uninsured catastrophe losses. Losses from natural catastrophes reached $280bn and represented 96.2% of overall losses in 2023, while those from man-made disasters reached $11bn and accounted for 3.8% of the total last year. Economic losses in Europe amounted to $109bn and were equivalent to 0.41% of the region's GDP, followed by North America with $98bn (0.33% of GDP), Asia with $50bn (0.11% of GDP), Latin America & the Caribbean (LAC) with $16bn (0.21% of GDP), Africa with $10bn (0.35% of GDP), and Oceania & Australia with $8bn (0.41% of GDP). In parallel, the losses of insurers from natural catastrophes and man-made disasters reached $117bn in 2023, down by 17% from $141bn in 2022, and accounted for 40.2% of total economic losses last year. Further, the losses of insurers from natural catastrophes stood at $108bn, or 92.3% of insured losses in 2023, while those from man-made disasters reached $9bn (7.7%). The losses of insurers in North America reached $72.7bn in 2023, or 62% of the total, followed by losses in Europe with $26.9bn (23%), Asia with $7.8bn (6.6%), LAC with $5.1bn (4.3%), Oceania & Australia with $4.2bn (3.6%), and Africa with $0.6bn (0.5%).

Source: Swiss Re

Private equity buyout funds raise $448bn in 2023

Figures released by Bain & Company indicate that private equity (PE) buyout funds raised $448bn in capital commitments globally in 2023, constituting an increase of 18.2% from $379bn in 2022. It added that buyout funds raised $283bn in 2016, $333bn in 2017, $289bn in 2018, $452bn in 2019, $366bn in 2020, and $454bn in 2021, resulting in a compound annual growth rate (CAGR) of 6.8% during the 2016-2023 period. In addition, it noted that investments by private equity-backed buyout funds reached $438bn in 2023, constituting a decline of 37.8% from $699bn in 2022. It said that the amount of PE-backed buyout deals totaled $369bn in 2016, $463bn in 2017, $532bn in 2018, $499bn in 2019, $519bn in 2020, and $1.1 trillion (tn) in 2021, leading to a CAGR of 2.5% during the 2016-2023 period. It pointed out that PE-backed buyout transactions dropped by 46% in Europe in 2023 from the preceding year, followed by a decrease of 38% in North America, and a decline of 8% in the Asia-Pacific region, while PE-backed buyout deals in other regions contracted by 22% last year. It added that there were 2,500 transactions in 2023, constituting a decline of 20% from 3,125 deals in 2022. In parallel, it said that the exits of PE buyout funds totaled $345bn in 2023, representing a decrease of 43.7% from an all-time high of $613bn in 2022, while there were 1,067 exits in 2023, down by 24% from 1,404 exits in 2022. It added that PE buyout funds' exits stood at $367bn in 2016, $427bn in 2017, $416bn in 2018, $522bn in 2019, $490bn in 2020, and $1tn in 2021, resulting in a negative CAGR of 0.9% during the 2016-2023 period.

Source: Bain & Company

EMERGING MARKETS

Fixed income trading up 3% to $5.6 trillion in 2023

Trading in emerging markets debt instruments reached $5.59 trillion (tn) in 2023, constituting an increase of 3.2% from $5.42tn in 2022. Debt trading volumes totaled $1.62tn in the first quarter, $1.31tn in the second quarter, $1.44tn in the third quarter, and $1.22tn in the fourth quarter of 2023. Turnover in local-currency instruments reached $3.85tn in 2023, up by 7.7% from $3.575tn in 2022, and accounted for 69% of the total debt trading volume in emerging markets. In parallel, trading in Eurobonds stood at $1.72tn in 2023, constituting a decrease of 5.8% from $1.822tn in 2022. The volume of traded sovereign Eurobonds reached $1.16n and accounted for 67.8% of aggregate Eurobonds traded in 2023, relative to $1.18tn and a share of 65% of traded Eurobonds in 2022. Also, the volume of traded corporate Eurobonds reached $549bn in 2023, or 32% of traded Eurobonds last year. In addition, turnover in warrants and options amounted to $6bn, while loan assignments stood at $19bn in 2023. The most frequently-traded instruments in 2023 were Mexican fixed income assets with a turnover of $1.24tn, or 22.2% of the total, followed by securities from Brazil with $864bn (15.4%), and instruments from China with $465bn (8.3%). Other frequently-traded instruments consisted of fixed income securities from India at $391bn (7%) and from South Africa at $288bn (5.1%).

Source: EMTA

MENA

Stock markets down 0.5% in first quarter of 2024

Arab stock markets regressed by 0.5%, while Gulf Cooperation Council equity markets grew by 0.8% in the first quarter of 2024, relative to decreases of 2.3% and 1.7%, respectively, in the same period of 2023. In comparison, global stocks increased by 7.5% and emerging market equities improved by 1.7% in the first quarter of 2024. Activity on the Damascus Securities Exchange, based on the official stock market index, rose by 36.4% in the first quarter of 2024; the Egyptian Exchange appreciated by 8%, the Casablanca Stock Exchange improved by 7.6%, and the Boursa Kuwait yielded 7.1%. In addition, the Dubai Financial Market gained 4.6%, the Saudi Stock Exchange and the Bahrain Bourse expanded by 3.6% each, the Muscat Securities Market increased by 2.7%, the Tunis Bourse advanced by 2%, and the Amman Stock Exchange appreciated by 0.3% in the covered quarter. In contrast, the Abu Dhabi Securities Exchange contracted by 3.7%, the Iraq Stock Exchange regressed by 4.7%, the Palestine Exchange declined by 7.8%, the Qatar Stock Exchange dropped by 9.1%, and the Beirut Stock Exchange decreased by 13% in the first quarter of 2024.

Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

OUTLOOK

WORLD

More than 60% of executives expect a soft landing for the global economy in 2024-25 period

In its March 2024 global survey of company executives on economic conditions, global consulting firm McKinsey & Co. revealed that 63% of respondents expected a soft landing for the global economy in the 2024-25 period, while 37% anticipated a recession during the covered period. It noted that 46% of respondents expect the global economy to improve, while 23% anticipates economic conditions to worsen in the next six months. In comparison, it stated that 35% of participants in the December 2023 survey considered that global activity will expand and 35% expected it to deteriorate in the following six months. It pointed out that 62% of participants cited better economic conditions in the Asia-Pacific region in the next six months compared to 50% in the December 2023 survey, while 46% of respondents believe that economic activity in North America will improve in the next six months relative to 44% in the previous survey. Further, it noted that 38% of respondents considered that the developing markets' real GDP growth rate will expand in the next six months compared to 34% in the December 2023 survey, and that 38% of participants expected better economic conditions in Europe in the next six months compared to 22% in the preceding survey.

In addition, it showed that 40% of respondents expected domestic political conflicts and high levels of national debt to affect economic activity in developing markets in the next 12 months, while 52% of participants believe that transitions of political leadership constitutes the biggest potential risk to economic growth in North America. Further, 58% of respondents cited geopolitical instability and/or conflicts as a threat to growth in Europe in the coming 12 months and 51% of participants indicated that geopolitical instability and/or conflicts will affect economic activity in the Asia-Pacific region. The survey's results are based on the responses of 957 participants across sectors and company sizes. McKinsey conducted the survey between March 4 and March 8, 2024.

Source: McKinsey & Company

SAUDI ARABIA

Multiple factors support upside economic outlook

Deutsche Bank projected Saudi Arabia's real GDP to shift from a contraction of 0.8% in 2023 to growth rates of 2.2% in 2024 and 5.5% in 2025, driven by robust non-oil and oil sector activity, despite the government's recent decision to extend oil production cuts until June 2024. It also expected the low inflation environment, sizeable investments, and improved investor sentiment to support the Kingdom's economic diversification plan under the Vision 2030 strategy. It noted that the likelihood of suspending production cuts and the sizeable excess oil production capacity constitute upside risks to oil activity. However, it considered that the main risk to the outlook consists primarily of an escalation of geopolitical risks.

Also, it forecast the fiscal deficits at 2.5% of GDP in 2024 and 2.2% of GDP in 2025, driven by higher expenditures to support the Kingdom's structural reforms, as well as by the government's recent decision to transfer 8% of Aramco's equity stake to the Public Investment Fund (PIF). It considered that the transfer strengthens the PIF's position to undertake investments in line with the country's long-term diversification plans, which might alleviate pressure on the fiscal balance in the medium term. It expected the public debt level to reach 26.2% of GDP in 2024 and 27.9% of GDP in 2025 amid strong foreign appetite for recent bond issuances. It noted that risks to the fiscal outlook are balanced and include the full implementation of revenue enhancement measures, efforts to improve spending efficiency, the speed of investments under Vision 2030, and the evolution of oil prices.

In addition, it projected the current account surplus to narrow from 3.3% of GDP in 2023 to 2.8% of GDP in 2024 and 0.7% of GDP in 2025. It attributed the decrease in the surplus in 2024 to robust imports that aim to sustain the diversification reforms and the carry-over effect of oil production cuts announced in mid-2023, while it indicated that the 2025 decline reflects elevated imports and an expected decline in oil prices. It noted that the strong balance of payments position should continue to support the elevated level of foreign currency reserves that reached $432bn at the end of February 2024, despite the narrowing of the current account balance.

Source: Deutsche Bank

ALGERIA

Near term economic outlook contingent on reforms

The International Monetary Fund (IMF) projected Algeria's real GDP growth rate at 3.8% in 2024 and 3.1% in 2025, supported in part by elevated fiscal spending this year. It welcomed the authorities' commitment to reforms, including efforts to boost investments, raise fiscal transparency, strengthen the anti-money laundering and combating the financing of terrorism framework, and address governance and corruption risks, in order to improve the business environment, and promote diversified and private sector-led growth. Also, it expected the average annual inflation rate to decrease from 9.3% in 2023 to at 7.6% in 2024 and 6.4% in 2025 driven by the easing of food prices. It noted that the proactive tightening of monetary policy, along with continued liquidity absorption, will help support disinflationary efforts.

Further, it forecast the fiscal deficit to widen from 3% of GDP last year to 8.5% of GDP in 2024 and 7.8% of GDP next year due to lower public revenues. As such, it encouraged the authorities to gradually rebalance fiscal policy to help preserve buffers and improve fiscal and debt sustainability, given that the projected wide near-term fiscal deficit and elevated financing needs could increase financial, fiscal, and inflationary vulnerabilities. In addition, it projected the current account surplus to narrow from 2.2% of GDP in 2023 to 0.1% of GDP in 2024 as hydrocarbon prices decline, and to post a deficit of 1.5% of GDP in 2025, and for foreign currency reserves to reach $71.3bn at end-2024 and $69.3bn at end-2025.

The IMF considered that Algeria's economic prospects face several downside risks that include persistently high inflation rates, hydrocarbon prices volatility, fiscal risks from contingent liabilities, large budgetary financial needs, and a rising public debt level. In contrast, it pointed out that upside risks can emerge from sustained, bold and deep structural reforms and resolute efforts to diversify the economy, improve the business climate, attracting investments, and tapping new export markets, which could drive growth and job creation further.

Source: International Monetary Fund

EGYPT

Structural reforms are key to address economic challenges

The International Monetary Fund (IMF) indicated that the Egyptian authorities are implementing an economic stabilization plan centered on a flexible exchange rate regime, a significant tightening of monetary and fiscal policies, on reducing public investments, and on structural reforms to allow the private sector to become the engine of growth. It noted that the country's macroeconomic conditions have been challenging since December 2022 due to rising inflation rates, foreign currency shortages and elevated debt levels and financing needs. It added that the difficult external environment due to Russia's invasion of Ukraine, the war in Gaza Strip and tensions in the Red Sea delayed policy adjustments and weighed on the country's economic activity. As such, it projected Egypt's real GDP growth rate to decelerate from 3.8% in the fiscal year that ended in June 2023 to 3% in FY2023/24 due to weak confidence and foreign currency shortages, before recovering to 4.4% in FY2024/25. Also, it forecast the inflation rate to rise from 24.4% in FY2022/23 to 32.5% in FY2023/24, for the current account deficit to widen from 1.2% of GDP in FY2022/23 to 6.3% of GDP in FY2023/24, and for the external debt level to rise from 41.8% of GDP in FY2022/23 to 43% of GDP in FY2023/24. It said that the sizable investment deal in Ras El-Hikma will alleviate financing pressures, but it considered that the implementation of economic policies under the IMF program remains critical to address Egypt's macroeconomic challenges. In parallel, it announced that it has approved about $5bn for Egypt under the Extended Fund Facility.

Source: International Monetary Fund

MOROCCO

Outlook on sovereign ratings revised to 'positive' on reforms implementation

S&P Global Ratings affirmed Morocco's long- and short-term local and foreign currency ratings at 'BB+' and 'B', respectively, and changed the outlook on the long-term ratings from 'stable' to 'positive'. It attributed the change in outlook to the agency's expectations that the authorities' recent track record of implementing socioeconomic and budgetary reforms would lead to stronger inclusive growth and reduce the fiscal deficits. It said that the ratings affirmation is supported by the economy's demonstrated resilience to multiple shocks in the past five years and its ongoing access to domestic and external financing. However, it noted that the benefits of structural reforms will take time to materialize, given that reforms and social support programs will prevent the fiscal deficit from narrowing significantly in the near term, but it considered that they will underpin medium- to long-term fiscal consolidation. In addition, it noted that Morocco's benefits from upfront access to significant financing from the International Monetary Fund that it can draw down when necessary. In parallel, it forecast the country's gross external financing needs at 94% of current account receipts and usable reserves in 2024 and at 94.8% of such reserves in 2025. Further, the agency said that it could upgrade the ratings if the Moroccan government continues to implement structural reforms, resulting in stronger economic growth, in broadening the tax base, and in narrower budget deficits.

Source: S&P Global Ratings

PAKISTAN

Fiscal slippage is key obstacle to IMF program

The Institute of International Finance indicated that the results of the latest parliamentary elections in Pakistan did not produce a clear parliamentary majority, which could weaken support for structural reforms. It stated that Pakistan is looking for a medium-term Extended Fund Facility program of about $6bn from the International Monetary Fund (IMF), which should help it mobilize $4bn to $5bn from other multilateral lenders. But it considered that fiscal consolidation is the most significant challenge to reaching an agreement with the IMF, as wide fiscal deficits have increased the public debt level from 55% of GDP in the fiscal year that ended in June 2010 to 79% of GDP in FY2022/23. It added that the government's heavy dependence on multilateral and official lending has led the public debt to account for 75% of the total external debt, while record-high interest rates have increased debt-servicing payments on domestic debt. It noted that the government did not meet its fiscal targets for FY2023/24 and projected a primary deficit of 0.3% of GDP, debt servicing at 8% of GDP, and a fiscal deficit of 8.3% of GDP in FY2023/24. Further, it forecast the government's gross financing needs and debt maturities to be equivalent to 24% of GDP and 15.7% of GDP, respectively, in FY2023/24, with domestic debt maturities at 13.4% of GDP and maturing external debt at 2.3% of GDP. It added that the weak nature of the new coalition government renders further fiscal consolidation and reforms difficult to achieve, and considered that the parties in power seem reluctant to approve politically costly reforms, which could hinder or prolong negotiations with the IMF.

Source: Institute of International Finance

ETHIOPIA

Credit profile contingent on debt restructuring

In its periodic review of Ethiopia's credit profile, Moody's Ratings indicated that the sovereign's local-currency long-term and foreign-currency long-term issuer ratings of 'Caa2' and 'Caa3', respectively, reflect largely the government's pending debt restructuring under the Group of 20 Common Framework, which depends on ongoing negotiations with the International Monetary Fund (IMF) for a funding program. It expected the losses for private-sector creditors, as a result of the government's default on its Eurobond, to be consistent with the 'Caa3' rating. It added that Ethiopia's 'ba2' economic strength assessment is supported by high growth rates, but is constrained by low per capita income and an elevated reliance on the agricultural sector. In addition, it said that the country's institutions and governance rating of 'caa1' reflects Ethiopia's default on its Eurobond that matures in December 2024. Further, it attributed the country's 'b1' fiscal strength assessment to the government's weakening capacity to generate revenues and high contingent liabilities from the guaranteed debt of state-owned enterprises, as well as to the high share of foreign-currency debt in its public debt. Further, the agency stated that the 'stable' outlook on the ratings reflects the improved domestic stability since the end of the Tigray war and the available support from the IMF. It said that it could upgrade the foreign currency ratings in case of smaller losses for private sector creditors than those implied by the current ratings. It added that it could downgrade the foreign currency rating if losses for private-sector creditors exceed the level of losses consistent with the 'Caa3' rating.

Source: Moody's Ratings

WORLD

Banks prioritizing cybersecurity in their budgets

Moody's Ratings' survey of 240 banks around the world on cybersecurity indicated that banks in Latin America (LatAm) invested 12% of their information technology budgets on cybersecurity infrastructure in 2023, followed by banks in North America and the Asia Pacific (APAC) regions (10% each), and the Europe, Middle East and Africa (EMEA) area (6%). Further, the survey revealed that 17% of board members at participating financial institutions have cyber expertise, which is almost twice the average across all other industries. In addition, it indicated that all financial institutions in the covered regions had an incident response plan, and all banks in LatAm and the APAC regions, 92% of institutions in EMEA, and 91% of respondents in North America back up their data at least once per week. Also, it pointed out that 49% of surveyed banks conduct penetration tests more than four times a year, which are simulated cyberattacks that identify a bank's technological weaknesses, with 61% of banks in EMEA carrying out such tests, followed by 45% of banks in North America, 31% in LatAm, and 25% in APAC. In parallel, it noted that 97% of banks in North America require cyber risk assessments of new external service providers, followed by 87% of banks in LatAm, 83% in EMEA, and 76% in APAC; while 90% of banks in North America conduct periodic cyber risk assessments of current providers, followed by 81% of banks in LatAm, 80% in APAC, and 64% in EMEA. Further, the survey noted that 73% of participating banks have insurance policies against data breaches and cybercrimes, with 97% of banks in North America, 75% in EMEA, 64% of banks in LatAm, and 55% in APAC carrying cyber insurance.

Source: Moody's Ratings

QATAR

Bank ratings upgraded on sovereign upgrade

Fitch Ratings upgraded the long-term (LT) Issuer Default Rating (IDR) of Qatar National Bank from 'A' to 'A+', and the LT IDRs of Qatar Islamic Bank (QIB), the Commercial Bank of Qatar (CBQ), Doha Bank (DB), Dukhan Bank (DuB), Qatar International Islamic Bank (QIIB) and Ahli Bank (ABQ) from 'A-' to 'A'. Also, it affirmed the short-term (ST) IDR of QNB at 'F1', and upgraded the ST IDRs of QIB, CBQ, DB, DuB, QIIB, and ABQ from 'F2' to 'F1'. It revised the outlook on the long-term ratings of the banks from 'positive' to 'stable' due to the upgrade of the sovereign rating. It noted that the ratings reflect the government's high probability and capacity to support the banks in case of need, irrespective of their size or ownership. But it indicated that the banks' high reliance on external funding and the recent rapid growth of their assets are weighing on the Qatari banking sector. Further, it said that government-related deposits account for a significant share of the banks' funding. As such, it considered that financial strains on the government could cause financial stress on the country's banking sector, given its high exposure to the sovereign. In parallel, it noted that it could downgrade the banks' ratings if it downgrades the sovereign ratings, and/or in case of a negative change in the agency's assessment of the government's propensity to provide support to the banks. It said that it could upgrade the ratings if it upgrades the sovereign ratings or if the probability of government support to local banks increases.

Source: Fitch Ratings

TUNISIA

Outlook on bank ratings changed to 'stable'

Moody's Ratings affirmed the long-term local and foreign currency deposit ratings of Amen Bank, Banque de Tunisie, Banque Internationale Arabe de Tunisie, and Société Tunisienne de Banque at 'Caa2/NP', and affirmed the long-term local and foreign currency deposit rating of Arab Tunisian Bank at 'Caa1/NP'. Also, it changed the outlook on the banks' long-term deposit ratings from 'negative' to 'stable' following its similar action on the sovereign ratings. It indicated that the Tunisian banks' direct exposure to government securities, which was equivalent to 52% of their shareholders' equity at end-August 2023, exposes them to increasing asset risks. It added that the direct and indirect exposure to government credit risk and the domestic focus of their operations, make the banks susceptible to sovereign risk. It attributed the ratings' affirmation at their current level to the banks' weak credit profiles due to the high level of problem loans of 11% for the five banks at end-June 2023, to single borrower and sector concentrations, to high provisioning costs, to insufficient loss-absorption buffers with an average Tier One capital ratio of 9.5% at end-June 2023, and to the high reliance on funding from the Central Bank of Tunisia (CBT). It said that it could upgrade the banks’ ratings if it upgrades the sovereign ratings, and/or if the banks' asset quality improves or if their reliance on the CBT funding decreases. In parallel, it said that it could downgrade the banks' ratings in case it downgrades the sovereign ratings, and/or if the banks’ asset quality, profitability, core capital and liquidity deteriorate.

Source: Moody's Ratings

ANGOLA

Banks face challenging macroeconomic backdrop

The International Monetary Fund (IMF) indicated that banks in Angola are well capitalized, but that the banking sector faces challenges amid macroeconomic headwinds, such as currency depreciation, rising inflation rates, and falling oil prices and production. It noted that the sector's capital adequacy ratio rose from 18.8% at the end of September 2022 to 26.8% at end-September 2023, and that the authorities have resumed the restructuring of a large state-owned bank that accounts for 10% of the sector's assets. It pointed out that another systemically-important bank, which accounts for 6% of the sector's assets, relies heavily on regulatory forbearance, which is overstating the sector's capital metrics. In addition, the IMF said that the sector's non-performing loans (NPL) ratio dropped from 21% at the end of September 2022 to 14.4% at end-2022 due to large write-offs at state-owned banks. But it noted that the steep depreciation of the local currency and the economic downturn in Angola pushed the NPL ratio to 16% at end-September 2023. It added that the sector's return on assets increased from 2.3% at end-September 2022 to 4.7% at end-September 2023, while its return on equity grew from 20% at end-September 2022 to 33.7% at the end of last September, but it expected the sector's profitability to decline in the short-term due to credit risks and decreases in the operating income of banks. Further, it stated that the banks' liquid assets accounted for 33.5% of total assets at the end of September 2023. It added that credit to the private sector grew by 1% in the 12-months ending September 2023 due to restrictions on foreign currency lending, strict underwriting standards, and the lack of bankable projects.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil prices to average $82.8 p/b in second quarter 2024

ICE Brent crude oil front-month prices averaged $81.8 per barrel (p/b) in the first quarter of 2024, constituting a decrease of 0.5% from $82.2 p/b in the same quarter last year amid lower demand and a slowdown in economic activity in OECD countries. Further, oil prices reached a new high of $89.35 p/b on April 3, 2024, representing an increase of 2.1% from the end of March. The rise in oil prices has been driven by elevated geopolitical tensions in the Middle East, rising concerns of lower supply as major producers are keeping output cuts in place, as well as signs of stronger economic growth in the U.S., the world's biggest oil consumer. In parallel, the National Bank of Kuwait expected global demand for oil to remain robust and to grow at a slower pace in 2024 on the back of growth momentum in non-OECD economies. It noted that potential interest rate cuts by major central banks later in 2024 should also support an improved global macroeconomic outlook and lead to higher oil demand. As such, it anticipated the global oil market to be tight this year, due in large part to supply cuts from OPEC+ coalition, given that the global economy has demonstrated resilience and that global oil consumption is currently increasing. However, it noted that downside risks to the oil market and prices remain present and include a robust oil supply from non-OPEC producers and the U.S., a de-escalation in global geopolitical tensions, or an aggressive unwinding by OPEC+ members in July 2024 of production cuts. In addition, Refinitiv projected oil prices, through its latest crude oil price poll of 46 industry analysts, to average $82.8 p/b in the second quarter of 2024.

Source: National Bank of Kuwait, Refinitiv, Byblos Research

Global petroleum and liquid fuels consumption to grow by 1.4% in 2024

The U.S. Energy Information Administration projected the global consumption of petroleum and liquid fuels at 102.43 million barrels per day (b/d) in 2024, constituting an increase of 1.4% from 101 million b/d in 2023. It forecast the consumption of petroleum and liquid fuels of non-OECD economies at 56.4 million b/d, or 55% of global demand, and for the consumption of OECD countries to reach 46.04 million b/d, or 45% of the total. .

Source: U.S. Energy Information Administration

Kuwait's crude oil production down 5% in December 2023

Crude oil production in Kuwait totaled 2.55 million barrels per day (b/d) in December 2023, unchanged from November 2023, and constituting a decline of 4.8% from 2.68 million b/d in December 2022. Further, total crude oil exports from Kuwait amounted to 2.39 million b/d in December 2023, representing decreases of 3.1% from 2.47 million b/d in November 2023 and of 7.3% from 2.58 million b/d in December 2022.

Source: Joint Organizations Data Initiative, Byblos Research

Algeria's crude oil production down 5.5% in December 2023

Crude oil production in Algeria totaled 954,000 barrels per day (b/d) in December 2023, constituting decreases of 0.6% from 960,000 b/d in November 2023 and of 5.5% from 1 million b/d in December 2022. Further, aggregate total crude oil exports from Algeria stood at 737,000 b/d in December 2023, up by 3.7% from 711,000 b/d in November 2023 and down by 13.5% from 852,000 b/d in December 2022.

Source: JODI, Byblos Research

Base Metals: Nickel prices to average $16,500 per ton in second quarter of 2024

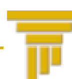
The LME cash price of nickel averaged $16,000.3 per ton in the first quarter of 2024, constituting a drop of 36.2% from an average of $26,033.4 a ton in the same period of 2023, due to a decline in global manufacturing and industrial activity, financial markets turbulence, monetary tightening, as well as to the excessive production of the metal by Indonesian and Chinese nickel producers. Also, nickel prices reached $17,163.1 per ton on April 3, 2024, up by 3.6% from $16,568 a ton on April 1, 2024, due to the recent remarks of the U.S. Federal Reserve, which signaled interest rate cuts despite higher-than-expected inflation rates. In parallel, S&P Global Market Intelligence anticipated the global supply of nickel at 3.64 million tons in 2024, which would constitute an increase of 8.4% from 3.36 million tons in 2023. Also, it forecast the global demand for nickel at 3.51 million tons in 2024, which would represent a rise of 12.7% from 3.11 million tons in 2023. It anticipated the global demand of nickel to outpace supply in 2024, and for the surplus in the market to decrease from 245,000 tons in 2023 to 128,000 tons in 2024, amid expectations of increased consumption of the metal in China, as well as a strong and recovering stainless steel sector that supports demand for nickel. Further, it projected nickel prices to average $16,500 per ton in the second quarter of 2024.

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

Precious Metals: Gold prices to average $2,043 per ounce in second quarter of 2024

Gold prices averaged $2,072.4 per ounce in the first quarter of 2024, constituting an increase of 9.7% from an average of $1,889.2 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 have been trading above $2,100 per ounce since March 4, 2024 and reached an all-time high of $2,283 per ounce on April 3, 2024 amid heightened geopolitical tensions resulting from Israeli strikes in early April on Iranian targets in Syria. In addition, S&P Global Market Intelligence indicated that the recent surge in gold prices is also driven by the remarks of the U.S. Federal Reserve, which signaled continued expectations of policy rate cuts despite higher-than-expected inflations rates in the country. It added that demand for gold has been further bolstered by investors diversifying risk away from equities and into gold, and continued strong demand for the metal from central banks, as it noted that central banks around the globe added 39 metric tons to their gold reserves since the start of the year. Further, it projected gold prices to average $2,043 per ounce in the second quarter of 2024, with a low of $1,900 an ounce and a high of $2,200 per ounce in the covered period.

Source: S&P Global Market Intelligence, 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+ Positive	Ba1 Stable	BB+ Stable	- -	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
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		Next meeting
			Date	Action	
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	10-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	03-Apr-24	No change	N/A
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	3.79	1-Apr-24	Cut 1bps	01-May-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

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

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

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

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

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

BYBLOS BANK GROUP

LEBANON

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

IRAQ

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

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

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

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

ARMENIA

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

BELGIUM

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

UNITED KINGDOM

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

FRANCE

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

NIGERIA

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

ADIR INSURANCE

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