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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Private equity and venture capital deals up 5% to $131bn in first quarter of 2024

S&P Global Market Intelligence indicated that the aggregate amount of private equity and venture capital (PE/VC) investments worldwide reached $130.6bn in the first quarter of 2024, constituting an increase of 5.1% from $124.3bn in the same quarter of 2023. PE/VC investments totaled $127.2bn in the first quarter of 2020, $264.1bn in the same quarter of 2021, and $241.9bn in the first quarter of 2022. Further, it noted that PE/VC funds in Europe invested $13.8bn and represented 43% of global PE/VC investments in March 2024, followed by funds in the U.S. and Canada with $10.7bn (33.4%), the Asia-pacific region with $5.9bn (18.4%), and other regions with $1.7bn (5.3%). In parallel, it pointed out that 2,880 PE/VC deals took place worldwide in the first quarter of 2024, representing a decrease of 12.8% from 3,303 transactions in the same quarter of 2023. Also, it pointed out that the application software industry attracted 46.6% of the total number of PE/VC deals across the technology, media, and telecom sector in March 2024, followed by interactive media and services and systems software industries (8.7% each), electronic equipment and instrument companies (7.4%), IT consulting and other services firms (7.1%), and the semiconductors industry (6.4%).
Source: S&P Global Market Intelligence

SAUDI ARABIA

Profits of listed firms down 24% to $155bn in 2023

The cumulative net income of 199 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR582.1bn, or $155.2bn in 2023, constituting a decrease of 23.8% from SAR764.1bn ($203.8bn) in 2022. Earnings stood at $39bn in the first quarter, $38.6bn in the second quarter, $42.4bn in the third quarter, and $34bn in the fourth quarter of 2023. Listed energy firms generated net profits of $120.3bn and accounted for 77.5% of total earnings in 2023. Listed banks followed with $18.7bn in net income (12% of the total), then telecommunications firms with $4.5bn (2.9%), utilities providers with $3.4bn (2.2%), and materials firms with $1.1bn and healthcare equipment and services providers with $1.07bn (0.7% each); while listed companies in other sectors registered net profits of $8.9bn (5.8%). In parallel, the net earnings of listed pharma, biotech & life sciences firms jumped by 4,574% from $1.7m in 2022 to $77.3m in 2023, followed by the earnings of insurers (+584.3%), real estate management and development firms (+206.5%), transportation companies (+185%), healthcare and equipment services firms (+28.3%), consumer services providers (+23%), software and services companies (+22%), telecommunications firms (+16.8%), companies in the food & beverages sector (+15.6%), banks (+12%), and consumer discretionary distribution & retail (+1%). In contrast, the net income of materials firms dropped by 90.7% in 2023, followed by the profits of financial services companies (-78.2%), the utilities sector (-28.2%), commercial & professional service providers (-25.8%), the energy sector (-24.6%), consumer staples distribution & retailers (-14%), capital goods providers (-12.7%), and the media sector (-5%). Also, the net losses of consumer durables and apparel firms increased by 59.3% in 2023.
Source: KAMCO

MENA

Stock markets down 2% in first four months of 2024

Arab stock markets decreased by 2.3%, while Gulf Cooperation Council equity markets regressed by 0.8% in the first four months of 2024, relative to increases of 2% and 3.2%, respectively, in the same period of 2023. In comparison, global stocks grew by 3.7% and emerging market equities improved by 3.1% in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, rose by 33% in the first four months of 2024; the Egyptian Exchange appreciated by 10.1%, the Boursa Kuwait advanced by 9.7%, and the Casablanca Stock Exchange improved by 6%. Also, the Dubai Financial Market gained 5%, the Saudi Stock Exchange yielded 4%, the Iraq Stock Exchange expanded by 3.6%, the Bahrain Bourse grew by 3%, and the Amman Stock Exchange improved by 2.4% in the covered period. In contrast, the Beirut Stock Exchange regressed by 15.8% in the first four months of 2024, the Palestine Exchange declined by 10.2%, the Abu Dhabi Securities Exchange decreased by 8.1%, the Qatar Stock Exchange contracted by 5.3%, the Tunis Bourse retreated by 1.8%, and the Muscat Securities Market lost 1.7%.
Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

Travel and tourism to contribute 7.1% of GDP in 2024

The World Travel & Tourism Council estimated that the travel and tourism (T&T) sector in the Middle East contributed 6.7% of the region's GDP in 2023 compared to 6% of GDP in 2022 and 8.2% of GDP in 2019. It estimated that the travel & tourism sector generated $460bn in revenues in 2023, constituting increases of 37% from $335.6bn in 2022 and of 0.3% from $458.4bn in 2019. It noted that the T&T sector's contribution to GDP in the Middle East accounted for 4.6% of the contribution of the worldwide T&T industry to global GDP last year, up from 4.4% in 2022 and 2019. It said that the T&T industry in the Middle East employed 7.7 million persons in 2023, up by 13% from 6.8 million jobs in 2022 and by 3.2% from 7.5 million jobs in 2019. As such, the industry accounted for 9.7% of the region's total employment in 2023 compared to a share of 8.8% in 2022 and of 9.8% in 2019. Also, it estimated the aggregate international spending by visitors in the Middle East at $179.8bn in 2023 relative to $112.4bn in 2022 and to $188bn in 2019, which accounted for 9.9% of the region's exports of goods and services in 2019. Spending by local visitors on T&T reached $205.3bn in 2023, up by 38.2% from $148.6bn in domestic spending in 2022 and by 11.8% from $183.6bn in 2019. Leisure spending by visitors in the region totaled $338.5bn in 2023 compared to $225.5bn in 2022 and $300.3bn in 2019, while spending by business visitors reached $46.6bn last year relative to $35.5bn in 2022 and $71.3bn in 2019. In parallel, it projected the contribution of the T&T sector to the region's GDP at $506.8bn in 2024 and at $743.6bn in 2034, and to be equivalent to 7.1% of this year's GDP and 7.8% of GDP in 2034. It forecast employment in the T&T sector at 8.3 million jobs in 2024, or 10.2% of total employment in the Middle East this year, and at 10.4 million jobs or 11.1% of the region's total employment in 2034.
Source: World Travel & Tourism Council

OUTLOOK

ANGOLA

Long-term growth dependent on economic diversification

The World Bank projected Angola's real GDP growth rate to pick up from 0.8% in 2023 to 2.8% in 2024, driven by non-oil sector activity. It anticipated final consumption and gross fixed capital formation to drive growth this year, as it expected oil production to decline by 2.5% in 2024 due to the depletion of oil resources and the lack of investment in the oil industry, and for exports to stall. It forecast growth rates to remain at their current level in the near term, and estimated that achieving higher growth rates is contingent on the acceleration of efforts to diversify the economy. Also, it estimated the inflation rate at about 28% by mid-2024 and projected it to reach 24.7% in full year 2024. It anticipated that the National Bank of Angola's monetary policy tightening and the government's conservative fiscal stance will reduce the inflation rate to 15.4% in 2025 and 11.4% in 2026.

Further, it projected the fiscal deficit to widen from 1.7% of GDP in 2023 to 2.8% of GDP in 2024, due to a decrease in government revenues driven by a slowdown in the non-oil sector. It forecast the deficit at 2.4% of GDP in 2025 and at 3.2% of GDP in 2026. Further, it expected the current account surplus to decline from 4.2% of GDP in 2023 to 3.4% of GDP in 2024 and 1.1% of GDP in 2025, and to shift to a deficit of 0.2% of GDP in 2026.

In parallel, the World Bank considered that risks to the outlook are tilted to the downside, and include the economy's vulnerability to a larger-than-expected decrease in global oil prices and a sustained decline of the country's oil production. It said that a weaker currency will increase inflationary pressures, while additional monetary tightening to combat inflation would delay the economic recovery. It added that lower oil revenues would lead to additional public spending cuts, which will impact economic growth. As such, it pointed out the need to diversify the economy in order to reduce the impact of oil volatility on public finances, economic performance, and poverty reduction.
Source: World Bank

ALGERIA

Economic outlook contingent on further development of non-hydrocarbon sector

The World Bank projected Algeria's real GDP growth rate to decelerate from 3.5% in 2023 to 2.7% in 2024, driven by subdued agricultural output and declining oil production in line with the OPEC+ production cuts. It considered that a recovery in agricultural output and crude oil production will help the economy to grow by 3.5% in 2025 and 2.9% in 2026. Also, it indicated that the Algerian government responded to the prevailing high inflation rates by increasing public sector wages, unemployment transfers and food subsidies, as well as by stabilizing the currency. It added that the inflation rate remained elevated at 9.3% in 2023 but began to moderate in the fourth quarter of the year, and forecast it at 7.5% in 2024.

In parallel, it projected the fiscal deficit to widen from 6.5% of GDP in 2023 to 9.2% of GDP in 2024, driven by a decline in hydrocarbon revenues and the implementation of the third tranche of the increase in public sector wages. It added that the government's medium-term budget framework points to a slow fiscal consolidation process in 2025 and 2026, despite subdued public investment growth, and forecast the fiscal deficit at 9.3% of GDP in 2025 and 8.5% of GDP in 2026. As such, it forecast the public debt level to increase from 51.2% of GDP in 2024 to 57% of GDP in 2025 and 61.4% of GDP in 2026, given that hydrocarbon savings would only partially finance the fiscal deficits. Further, it expected the current account balance to shift from a surplus 3.1% of GDP in 2023 to deficits of 0.3% of GDP in 2024 and of 2.2% of GDP in 2025, driven by declining global oil prices, oil production cuts, and a rebound in the imports of capital goods.

In addition, it considered that Algeria's outlook is subject to risks from the fluctuation of hydrocarbon prices amid geopolitical uncertainties, and from its vulnerability to climate change. It noted that the acceleration of private sector investments in non-oil sectors would support the economy's diversification and resilience. It added that structural reforms to foster productivity would drive growth and job creation, and reduce youth unemployment.
Source: World Bank

PAKISTAN

Economy to grow by 3.5% in FY2024/25, outlook contingent on commitment to structural reforms

The International Monetary Fund (IMF) projected Pakistan's real GDP growth rate to accelerate from 2% in the fiscal year that ends in June 2024 to 3.5% in FY2024/25, in case macroeconomic conditions continue to improve. It added that the authorities' determined policy efforts under the 2023 Stand By Arrangement with the IMF have helped restore economic stability. Further, it expected the inflation rate to decrease from 24.8% in FY2023/24 to 12.7% in FY2024/25 due to monetary policy tightening, and if sound policies and reform efforts continue. Also, it anticipated the key policy rate at around 20% by end-June 2024.

Further, it forecast the fiscal deficit at 7.4% of GDP in each of FY2023/24 and FY2024/25. It expected the fiscal position to strengthen, given that the primary balance posted a surplus of 1.8% of GDP in the first half of FY2023/24, well ahead of projections, which puts the government on track to achieve its target primary surplus of 0.4% of GDP for FY2023/24. It considered that continued fiscal sustainability beyond FY2023/24 depends on further revenue mobilization and on improving public financial management. Also, it projected the public debt level to decrease from 72.1% of GDP at the end of June 2024 to 70% of GDP by end-June 2025, supported by the necessary fiscal adjustment and debt sustainability. Further, it projected the current account deficit to widen from 0.8% of GDP in FY2023/24 to 1.2% in FY2024/25 and to remain at this level in the medium term. But it forecast foreign currency reserves to rise from $9bn at end-June 2024 to $13.4bn by end-June 2025.

In parallel, the IMF urged the authorities to continue their policy and reform efforts, such as strictly adhering to fiscal targets, moving to a market-determined exchange rate, and broadening structural reforms to support stronger and more inclusive growth. It noted that additional improvements in the functioning of the foreign exchange market, along with a market determined exchange rate, will help absorb external shocks and attract financing.
Source: International Monetary Fund

ECONOMY & TRADE

ARMENIA

Economy projected to grow by 6% in 2024

The International Monetary Fund (IMF) indicated that the Armenian economy posted a real GDP growth rate of 8.7% of GDP in 2023 due to high domestic consumption and investment, and that inflation declined significantly due to falling food prices, the appreciation of the Armenian dram, and the lagged effect of monetary policy tightening. However, it expected growth to moderate but to remain robust at 6% this year, driven by consumption and public capital spending, and for the inflation rate to pick up in the second half of the year. It added that the fiscal deficit of 2% of GDP in 2023 was narrower than projected due to lower spending, and that the 2024 budget deficit target remains appropriate amid higher spending on social protection, infrastructure, and national security. But it noted the need for a medium-term framework to maintain macro-fiscal stability, support the country's development needs, create fiscal space, and keep the public debt at a moderate level. Further, it stated that the current account balance posted a deficit of 2% of GDP in 2023, supported by robust tourism activity, and that the banking system has strong capital and liquidity buffers, and is profitable. It considered that the Central Bank of Armenia's (CBA) gradual reduction of the policy rate is appropriate with the current low inflation rates, and that the CBA's strategy to enhance transparency would support monetary policy decision-making. Also, it stressed the importance of efforts to strengthen the CBA’s prudential and supervisory frameworks to help stem financial sector risks. Further, the IMF stated that it has reached a staff-level agreement on the third review under Armenia's three-year Stand-By Arrangement.

Source: International Monetary Fund

NIGERIA

Outlook on sovereign ratings changed to 'positive'

Fitch Ratings affirmed Nigeria's long-term local and foreign currency Issuer Default Ratings (IDRs) at 'B-', which is six notches below investment grade, and revised the outlook on the ratings from 'stable' to 'positive'. Also, it affirmed the short-term local and foreign currency IDRs at 'B' and the Country Ceiling at 'B-'. It indicated that the ratings are supported by a large economy, a developed and liquid domestic debt market, as well as significant oil and gas reserves. But it noted that the ratings are constrained by weak governance, the economy's high dependence on the hydrocarbon sector, limited crude oil production capacity, elevated inflation rates, low net foreign currency reserves, security challenges, and structurally low although improving non-oil revenues. Further, it attributed the change in outlook to the government's reduction of fuel subsidies, as well as to the reform of the exchange rate framework that resulted in the return of sizable inflows to the official exchange rate market. But it noted that high inflation rates and the need to further stabilize the foreign currency market, as well as the lack of clarity about the size of the net foreign exchange reserves, remain key challenges in the near term. In parallel, the agency said that it could downgrade the ratings in case the Central Bank of Nigeria's net foreign currency position declines further due to limited access to external financing sources, if the authorities do not continue the reforms of the exchange-rate regime, or if a widening fiscal deficit results in debt servicing difficulties.

Source: Fitch Ratings

TÜRKIYE

Ratings upgraded on improved policy coordination

S&P Global Ratings upgraded Türkiye's long-term sovereign foreign and local currency credit ratings from 'B' to 'B+', four notches below investment grade, and affirmed the country's short-term sovereign foreign and local currency credit rating at 'B'. It maintained the 'positive' outlook on the long-term sovereign credit ratings. It attributed the upgrades to expectations that the newly elected policymakers will improve coordination between monetary, fiscal, and wage policies, as well as to the narrowing of the current account deficit. In addition, it expected the Central Bank of the Republic of Türkiye to keep interest rates at 50% in an effort to contain downward pressure on the Turkish lira. Also, it projected the country's gross external financing needs at 148.7% and 141.7% of current account receipts and usable reserves in 2024 and 2025, respectively. Further, S&P upgraded the Transfer & Convertibility assessment from 'B+' to 'BB-', and attributed the upgrade to the receding risk that the government might prevent private sector debtors from servicing their foreign currency-denominated debt. However, it considered that the main challenge for policymakers consists of restoring confidence in the local currency, as the dollarization rate of deposits remains at 57% as of April 8, 2024 despite its decline from 60% at end-November 2023. In parallel, it noted that it could upgrade the ratings if policymakers succeed in reducing inflation rates and in restoring confidence in the lira amid narrowing current account deficits and a reversal of dollarization. In contrast, it said that it could revise the outlook to 'stable' if pressures on Türkiye's financial stability intensify and/or if public finances weaken.

Source: S&P Global Ratings

IRAN

Sovereign ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed Iran's short- and long-term foreign and local currency ratings at 'B', and maintained the 'stable' outlook on the long-term ratings. It attributed the affirmation of the ratings to the government’s low debt level, the country's large hydrocarbon reserves and the fairly diversified economy. It noted that the ratings are supported by the external current account surplus and by the agency’s assumption that the usable foreign exchange assets under the control of the Central Bank of Iran are currently adequate for balance-of-payments purposes. Further, it forecast the current account surplus at 3.8% of GDP in FY2023/24 due to high commodity prices and increasing terms of trade with China and Russia. However, it noted that the ratings are constrained by geopolitical risks, lack of access to external funding and foreign assets, elevated risks to macroeconomic stability, very high inflation rates, limited budget revenue mobilization, and a weak banking sector. It added that, despite the country's very low external debt level, the authorities' ability to service the debt on time has weakened due to U.S. and EU sanctions on foreign direct investments and on trade. In parallel, it considered that the 'stable' outlook balances the country's low external debt level and continued current account surplus against the ongoing adverse impact of U.S. sanctions on Iranian oil exports and financial institutions. The agency indicated that it could downgrade the ratings in case of an escalation in geopolitical tensions or a materialization of large contingent liabilities for the central government.

Source: Capital Intelligence Ratings

BANKING

MENA

Region's central banks exploring issuance of digital currencies

The International Monetary Fund indicated that several central banks in the Middle East and North Africa (MENA) region are exploring the feasibility of issuing central bank digital currencies (CBDCs). It noted that Gulf Cooperation Council countries, where financial markets are relatively more developed, are focusing on making domestic and cross-border payments more efficient, while MENA oil importers and low-income economies are aiming to expand financial inclusion by adopting CBDCs. It considered that the region's oil-importing economies could realize significant gains from improving the efficiency of their domestic and cross-border payment systems, given their high reliance on cash, including on remittances. First, it said that CBDCs could promote financial inclusion if the local authorities address the inherent inefficiencies of their domestic payment systems. Second, it pointed out that CBDCs may help improve the efficiency of cross-border payment services by addressing frictions from the lack of interoperability between different payment systems and long transaction chains. Third, it cautioned that CBDCs could affect financial stability, particularly at banks that rely heavily on deposits, but that it could reduce the share of cash in cash-reliant MENA economies. Fourth, it indicated that careful CBDC design can help policymakers in the MENA region achieve their policy objectives and mitigate the potential negative implications of CBDCs for the financial system. It considered that policymakers in the MENA region need to evaluate carefully if a CBDC serves their country's objectives and if the expected benefits of a digital currency outweigh risks to the financial system.

Source: International Monetary Fund

AFRICA

French banks' exit from Africa to increase local competition

Fitch Ratings indicated that the exit of French banks from Africa gives emerging pan-African banking groups significant space to grow, either independently or through mergers and acquisitions, which would stimulate competition and benefit local banking sectors despite some short-term challenges. It expected additional divestments of subsidiaries of French banks in the next 12 to 24 months. Also, it noted that divested subsidiaries are facing several challenges, as their parents' risk appetite has been lower than the risk appetite of local competitors. It added that a lower rating, or the exit of a foreign shareholder, could make access of an African bank to the global financial system and to correspondent banks more difficult, which could disrupt the cross-border flow of remittances, payments, and trade finance activity. It noted that many banks in Sub-Saharan markets where foreign-currency liquidity is tight could face difficulties in accessing hard currencies without the liquidity lines that the French parent banks used to provide to support trade finance activity. However, it said that banks have good access to funding from development finance institutions. Further, it noted that French-owned African subsidiaries have not been able to target certain segments of the economy due to their parent bank's conservative risk appetite. As such, it expected lending to accelerate with the exit of French banks, mainly in lower-risk segments, which would help preserve asset-quality metrics.

Source: Fitch Ratings

IRAQ

Agencies take rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of the Trade Bank of Iraq (TBI) at 'CCC+', and withdrew its Viability Rating (VR) and the outlook on the bank's long-term IDR, as the latter falls in the 'CCC' category. It said that the IDR of TBI reflects the limited help the bank could receive from the government in case of need. Further, it assigned to Mansour Bank for Investment (MB) an IDR of 'B-' and a VR of 'ccc+', with a 'stable' outlook on its long-term IDR. It noted that the VR of MB takes into account its small franchise, high concentration of deposits, significant exposure to the sovereign, and weak operating environment, which are balanced by the bank's improving loan quality, sound profitability, solid capital ratios and high share of liquid assets. In parallel, Capital Intelligence (CI) Ratings affirmed the long- and short-term foreign currency ratings of the Iraqi Islamic Bank for Investment and Development (IIB) at 'B-' and 'B', respectively. Also, it affirmed the Bank Standalone Ratings (BSRs) of IIB at 'b-' and maintained the 'stable' outlook on its ratings and on its BSRs. It pointed out that the bank's ratings are constrained by its small market share, high concentrations in assets and customer deposits, and an elevated credit risk profile, but that they are supported by the bank's solid capitalization, asset quality and profitability. Further, it said it suspended its ratings of Al Janoob Islamic Bank due to the lack of up-to-date financial data. In addition, Moody's Ratings affirmed Ashur International Bank for Investment's long- and short-term bank deposit ratings of 'Caa1/NP' and its Baseline Credit Assessment (BCA) at 'caa1'. It noted that the bank's BCA is supported by its strong capitalization, solid profitability, and sizeable liquid assets.

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

EGYPT

Banks resilient despite headwinds

The International Monetary Fund (IMF) indicated that Egypt's banking sector has been resilient amid recent monetary tightening policies and the unification of the multiple exchange rates in the country, despite deteriorating capital buffers. It said that the sector's capital adequacy ratio declined from 20.5% at the end of September 2022 to 18.1% at end-September 2023 due to the depreciation of the Egyptian pound that inflated risk-weighted assets. It added that bank lending to government and public sector companies grew significantly during the 12-month period ending in September 2023, as foreign currency lending to publicly-owned institutions increased by more than $8bn during this period. In addition, it said that the sector's non-performing loans ratio increased slightly from 3.2% at the end of September 2022 to 3.3% at end-September 2023 despite the volatility of the exchange rate. Further, it noted that the liquidity metrics of Egyptian banks have deteriorated, as liquid assets in local currency fell from 46.9% of total local currency assets at end-September 2022 to 38.5% at end-September 2023, while liquid assets in foreign currency dropped from 77.6% of total foreign currency assets at the end of September 2022 to 69.9% at end-September 2023. Also, it noted that the banks' return on equity was 17.7% in September 2023 on an annualized basis relative to 16.1% in 2022, while their return on assets stood at 1.2% in September 2023 on an annualized basis, unchanged from 2022.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil prices to average $89.3 p/b in second quarter of 2024

ICE Brent crude oil front-month prices reached $83.6 per barrel (p/b) on May 8, 2024, constituting a decrease of 5% from $88 p/b at the end of April, as the U.S. Energy Department announced a bid for the purchase of 3.3 million barrels to help replenish its strategic petroleum reserves. In parallel, the U.S. Energy Information Administration (EIA) projected the global production of oil to increase by 1 million barrels per day (b/d) in 2024, slowing from a growth of 1.8 million b/d in 2023, given that the OPEC+ cuts are restraining the increase of global oil production this year, partly offsetting output from non-OPEC+ producers. Further, it expected global oil inventories to decrease by an average of 0.3 million b/d in the first half of 2024, as it considered that the voluntary OPEC+ production cuts are reducing global oil inventories. Also, it anticipated some OPEC+ producers to continue to limit production after the current voluntary cuts expire at the end of June 2024. As a result, it forecast oil prices to be near $90 p/b for the remainder of 2024, before stronger supply growth contributes to an increase in global oil inventory of 0.4 million b/d in 2025, which would cause prices to decline to an average of $85 p/b next year. Further, it considered that if OPEC+ members decide to utilize their spare production capacity, they can supply oil to the market in case of any short-term supply disruption. However, it noted that significant uncertainties related to the ongoing conflict in the Middle East have the potential to increase oil price volatility and lead to sharp increases in oil prices in the near-to medium term. In parallel, it projected oil prices to average $89.3 p/b in the second quarter and $90 p/b in the third quarter of 2024.

Source: U.S. EIA, Refinitiv, Byblos Research

Iraq's oil exports at 106.1m barrels in March 2024

Figures from the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 106.1 million barrels in March 2024, constituting increases of 6.5% from 99.6 million barrels in February 2024 and of 5.2% from 100.9 million barrels in March 2023. Exports from the central and southern fields stood at 104.7 million barrels in March 2024.

Source: Iraq Ministry of Oil, Byblos Research

MENA's natural gas exports unchanged in 2024

The International Monetary Fund projected natural gas exports from the Middle East & North Africa region to average 5.1 million barrels of oil equivalent per day (boe/d) in 2024, unchanged from 2023. Further, it forecast Qatar's natural gas exports at 2.6 million boe/d in 2024, equivalent to 51% of the region's gas exports, followed by Algeria with 1.2 million boe/d (23.5%), the UAE with 0.5 million boe/d (9.8%), Iran and Oman with 0.3 million boe/d each (5.9% each), and Libya with 0.1 million boe/d (2%).

Source: International Monetary Fund, Byblos Research

Global steel output up 8.3% in March 2024

Global steel production reached 161.2 million tons in March 2024, constituting an increase of 8.3% from 148.8 million tons in February 2024 and a decrease of 2.4% from 165.1 million tons in March 2023. Production in China totaled 88.3 million tons and accounted for 54.8% of global steel output in March 2024, followed by production in India with 12.7 million tons (7.9% of the total), Japan with 7.2 million tons (4.5%), the U.S. with 6.9 million tons (4.3%), Russia with 6.6 million tons (4.1%), and South Korea with 5.3 million tons (3.3%).

Source: World Steel Association, Byblos Research

Base Metals: Nickel prices to average $16,000 per ton in second quarter of 2024

The LME cash price of nickel averaged $17,107 per ton in the first 18 weeks of 2024 period, constituting a drop of 32.7% from an average of $25,431.8 a ton in the same period of 2023, due to the excessive production of the metal by Indonesian and Chinese nickel producers, as well as to a decline in global manufacturing and industrial activity and to monetary tightening. Also, nickel prices reached $19,573 per ton on April 22, 2024, their highest level since September 19, 2023 when they reached $19,671.3 a ton. The recent increase in prices is mainly driven by the ban from the London Metal Exchange on Russian metal exports, following new trade sanctions that the U.S. and the United Kingdom imposed on Russia in response to the latter's military actions in Ukraine. In parallel, Citi Research anticipated the global supply of nickel at 3.52 million tons in 2024, which would constitute an increase of 2.3% from 3.44 million tons in 2023. Also, it forecast the global demand for nickel at 3.37 million tons in 2024, which would represent a rise of 7.1% from 3.14 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 301,000 tons in 2023 to 156,000 tons in 2024, amid the recent ban on Russian nickel exports, as well as to the recovery of the stainless steel sector that supports demand growth in the nickel-intensive battery sector, which would also increase demand for nickel. Further, it projected nickel prices to average $16,000 per ton in the second quarter of 2024, with a low of $14,000 per ton and a high of $20,000 a ton.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,130 per ounce in second quarter of 2024

Gold prices averaged $2,149.4 per troy ounce in the first 18 weeks of 2024 period, constituting an increase of 11.8% from an average of $1,921.9 an ounce in the same period of 2023, mainly due to the eruption of the war in the Gaza Strip that exacerbated geopolitical tensions, which reinforced the appeal of the metal as a safe haven for investors, as well as to expectations that the U.S. Federal Reserve will reduce policy rates that would result in a weaker US dollar and increase demand for gold. Further, gold prices regressed by 5% from a recent peak of $2,413 an ounce on April 12, 2024 to $2,293.7 per ounce on May 3, 2024 due to U.S. Federal Reserve's decision to keep policy rates unchanged. In parallel, the World Gold Council indicated that global demand for gold totaled 1,101.8 tons in the first quarter of 2024 and decreased by 5.3% from 1,163.7 tons in the same period of 2023. It attributed the decline to a surge of 298% in outflows from gold-backed exchange-traded funds (ETF) and a decrease of 2% in jewelry consumption, which were partly offset by an increase of 10.4% in demand from the technology sector, a 2.8% growth in demand for bars and coins, and a 1.2% increase in net purchases by central banks. Also, the global supply of gold reached 1,238.3 tons in the first quarter of 2024, constituting an increase of 2.6% from 1,206.4 tons in the same period last year, with mine output representing 72.1% of the total. Further, S&P Global Market Intelligence projected gold prices to average $2,130.4 per ounce in the second quarter of 2024, with a low of $1,900 per ounce and a high of $2,350 an ounce.

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

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B-	B3	B-	-								
	Stable	Positive	Stable	-	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B-	Caa1	B-	B								
	Positive	Positive	Stable	Negative	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	SD	Caa3	CCC-									
	-	Stable	-	-	-2.9	26.2	0.5	33.4	7.8	157.9	-3.4	2.0
Ghana	SD	Ca	RD	-								
	-	Stable	-	-	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB-	Ba2	BB-	-								
	Stable	Stable	Stable	-	-4.5	57.7	4.7	47.6	15.7	112.3	-4.4	2.3
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-2.5	15.0	1.4	5.1	2.0	102.1	-5.6	4.2
Morocco	BB+	Ba1	BB+	-								
	Positive	Stable	Stable	-	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
Nigeria	B-	Caa1	B-	-								
	Stable	Positive	Stable	-	-4.4	47.4	2.9	41.7	23.3	113.6	0.5	0.1
Sudan	-	-	-	-								
	-	-	-	-	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	-	Caa2	CCC-	-								
	-	Negative	-	-	-5.6	88.7	-	-	26.1	-	-2.7	-1.1
Burkina Faso	CCC+	-	-	-								
	Stable	-	-	-	-5.5	61.8	0.5	64.8	12.3	168.7	-3.6	0.5
Rwanda	B+	B2	B+	-								
	Stable	Stable	Stable	-	-4.8	68.0	3.6	22.5	9.6	111.1	-10.6	3.5
Middle East												
Bahrain	B+	B2	B+	B+								
	Stable	Stable	Stable	Stable	-4.0	120.8	-4.1	148.5	26.5	363.8	3.7	1.0
Iran	-	-	-	B								
	-	-	-	Stable	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B-	Caa1	B-	-								
	Stable	Stable	Stable	-	-4.5	38.3	20.3	4.0	2.0	33.0	11.5	-1.8
Jordan	B+	B1	BB-	B+								
	Stable	Positive	Stable	Positive	-1.1	90.6	1.9	69.7	10.9	151.6	-4.6	1.8
Kuwait	A+	A1	AA-	A+								
	Stable	Stable	Stable	Stable	-2.1	4.7	2.8	41.3	0.4	97.3	19.4	-3.0
Lebanon	SD	C	RD	-								
	-	-	-	-	-0.2	270.6	9.0	165.9	6.5	151.4	-9.5	0.5
Oman	BB+	Ba1	BB+	BB+								
	Stable	Stable	Stable	Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA	Aa2	AA-	AA								
	Stable	Stable	Positive	Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A	A1	A+	A+								
	Stable	Positive	Stable	Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	-	-	-	-								
	-	-	-	-	-	49.0	-	-	-	-	-15.5	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	-	-	-	-								
	-	-	-	-	-2.7	50.7	-	-	-	-	-19.2	-2.3

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-	Ba3	BB-	B+								
	Stable	Stable	Stable	Positive	-4.3	46.5	2.0	29.8	9.8	114.6	-3.0	2.2
China	A+	A1	A+	-								
	Stable	Negative	Stable	-	-3.0	66.1	10.6	25.8	5.9	64.5	2.3	0.7
India	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-8.0	86.0	6.6	27.5	28.9	87.2	-3.1	1.5
Kazakhstan	BBB-	Baa2	BBB	-								
	Stable	Positive	Stable	-	-2.7	26.1	4.0	26.6	7.9	99.2	-2.8	2.2
Pakistan	CCC+	Caa3	CCC	-								
	Stable	Stable	-	-	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Positive	Stable	Positive	-	-2.8	23.8	1.7	19.9	1.7	105.0	-0.2	1.8
Romania	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-5.9	49.0	4.3	25.4	6.4	99.6	-6.9	2.0
Russia	-	-	-	-								
	-	-	-	-	-0.8	19.8	11.6	23.0	3.6	61.1	2.0	-0.6
Türkiye	B	B3	B+	B+								
	Positive	Positive	Positive	Stable	-3.6	29.1	1.2	77.3	9.5	166.0	-2.4	1.2
Ukraine	CC	Ca	CC	-								
	Negative	Stable	-	-	-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	Action	Next meeting
USA	Fed Funds Target Rate	5.50	01-Mayr-24	No change	12-Jun-24
Eurozone	Refi Rate	4.50	11-Apr-24	No change	06-Jun-24
UK	Bank Rate	5.25	21-Mar-24	No change	09-May-24
Japan	O/N Call Rate	0.10	26-Apr-24	No change	14-Jun-24
Australia	Cash Rate	4.35	07-May-24	No change	06-Aug-24
New Zealand	Cash Rate	5.50	10-Apr-24	No change	22-May-24
Switzerland	SNB Policy Rate	1.50	21-Mar-24	Cut 25bps	20-Jun-24
Canada	Overnight rate	5.00	10-Apr-24	No change	05-Jun-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	22-Apr-24	No change	20-May-24
Hong Kong	Base Rate	5.75	02-May-24	No change	N/A
Taiwan	Discount Rate	2.00	21-Mar-24	Raised 12.5bps	N/A
South Korea	Base Rate	3.50	12-Apr-24	No change	23-May-24
Malaysia	O/N Policy Rate	3.00	09-May-24	No change	11-Jul-24
Thailand	1D Repo	2.50	10-Apr-24	No change	12-Jun-24
India	Repo Rate	6.50	05-Apr-24	No change	07-Jun-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	25-Apr-23	No change	23-May-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	10.50	08-May-24	Cut 25bps	13-May-24
Armenia	Refi Rate	8.25	30-Apr-24	Cut 25bps	11-Jun-24
Romania	Policy Rate	7.00	04-Apr-24	No change	13-May-24
Bulgaria	Base Interest	3.78	1-May-24	Cut 1bps	03-Jun-24
Kazakhstan	Repo Rate	14.75	12-Apr-24	No change	31-May-24
Ukraine	Discount Rate	13.50	25-Apr-24	Cut 100bps	13-Jun-24
Russia	Refi Rate	16.00	26-Apr-24	No change	07-Jun-24

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