800 ISSUES+
Issue 805 | June 6, 2024
BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Outstanding sustainable debt securities at $6.3 trillion at end-March 2024

The outstanding Environmental, Social, and Governance (ESG) debt reached $6.3 trillion (tn) globally at the end of March 2024, constituting an increase of 23.5% from $5.1tn at the end of March 2023. The distribution of ESG debt shows that green bonds amounted to $2.4tn at the end of March 2024 and accounted for 38% of total ESG debt, followed by sustainability-linked loans with $1.2tn (19%), sustainability bonds with $863bn (13.6%), social bonds with $691bn (11%), green loans with $662bn (10.5%), sustainability-linked bonds with $259bn (4%), green municipal bonds with $137bn (2.2%), and green asset-backed securities with $105bn (1.7%). In parallel, advanced economies issued around $255bn in ESG debt in the first quarter of 2024 and accounted for 73% of the total, while emerging markets issued $60bn in ESG debt or 17% of the total, and supranational institutions issued $35bn in ESG debt or 10% of ESG debt output in the covered period. The United States issued $38.4bn of ESG debt in the first quarter of 2024, which accounted for 11% of the total ESG debt issued output in the covered period, followed by debt securities issued by France with $36.6bn (10.5%), supranational institutions with $35bn (10%), Germany with $27.1bn (7.7%), Japan with $19.6bn (5.6%), China with $17bn (5%), the United Kingdom with $14.6bn (4.2%), Spain with $14.3bn (4%), South Korea with $13.5bn (3.9%), and Italy with $13.1bn (3.7%).

Source: Institute of International Finance

UAE

Travel and tourism to contribute 12% of GDP in 2024

The World Travel & Tourism Council estimated that the travel and tourism (T&T) sector in the UAE contributed 11.7% of the country's GDP in 2023 compared to 11.3% of GDP in 2019. It estimated that the travel & tourism sector generated $59.8bn in revenues in 2023, constituting an increase of 14.3% from $52.4bn in 2019. It said that the T&T industry in the UAE employed around 809,300 persons in 2023, up by 11.4% from 726,300 jobs in 2019. As such, the industry accounted for 12.3% of the country's total employment in 2023 compared to a share of 11.5% in 2019. Also, it estimated the aggregate international spending by visitors in the UAE at $47.7bn in 2023 relative to $42.5bn in 2019, which accounted for 9.5% of the country's exports of goods and services in 2019. Spending by local visitors on T&T reached $15.1bn in 2023, up by 38.2% from $10.9bn in 2019. Leisure spending by visitors in the country totaled $52.2bn in 2023 compared to $42.1bn in 2019, while spending by business visitors reached $10.6bn last year relative to $11.3bn in 2019. In parallel, it projected the contribution of the T&T sector to the country's GDP at $64.4bn in 2024 and at $74.9bn in 2034, and to be equivalent to 12% of this year's GDP and 10.7% of GDP in 2034. It forecast employment in the T&T sector at around 832,900 jobs in 2024, or 12.3% of total employment in the UAE this year, and at 927,800 jobs or 12.3% of the country's total employment in 2034.

Source: World Travel & Tourism Council

MENA

Stock markets down 7% in first five months of 2024

Arab stock markets declined by 7.1%, while Gulf Cooperation Council equity markets decreased by 7% in the first five months of 2024, relative to contractions of 1.3% and 0.1%, respectively, in the same period of 2023. In comparison, global stocks grew by 7.7% and emerging market equities improved by 4% in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, rose by 26.6% in the first five months of 2024; the Casablanca Stock Exchange appreciated by 10.1%, the Tunis Bourse advanced by 8.4%, and the Egyptian Exchange improved by 8%. Also, the Muscat Securities Market gained 7.3%, the Boursa Kuwait yielded 5.5%, the Bahrain Bourse grew by 3.4%, and the Iraq Stock Exchange increased by 1.6% in the covered period. In contrast, the Beirut Stock Exchange dropped by 16.4% in the first five months of 2024, the Qatar Stock Exchange declined by 14%, the Palestine Exchange decreased by 8.7%, the Abu Dhabi Securities Exchange contracted by 7.5%, the Saudi Stock Exchange retreated by 4%, the Dubai Financial Market lost 2%, and the Amman Stock Exchange regressed by 1.2% in the first five months of 2024.

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

GCC

Fixed income issuance up 63% to $85bn in first five months of 2024

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $85.1bn in the first five months of 2024, constituting an increase of 63.3% from $52.1bn in the same period of 2023. Fixed income issuance in the first five months of the year consisted of $26.6bn in sovereign bonds, or 31.3% of the total, followed by $25.5bn in corporate bonds (30%), $19.4bn in corporate sukuk (22.8%), and $13.6bn in sovereign sukuk (16%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $45bn in the first five months of 2024, or 52.8% of fixed income output in the region; while issuance by GCC sovereigns reached $40.2bn, or 47.2% of the total. GCC sovereigns issued $19.4bn in bonds and sukuk in January, $2.3bn in February, $2bn in March, $8bn in April, and $8.5bn in May 2024. Also, companies in the GCC issued $13.3bn in bonds and sukuk in January, $8.6bn in February, $10.5bn in March, $4.6bn in April, and $7.9bn in May 2024. In parallel, corporate output in May 2024 included $2.9bn in bonds and $1.3bn in sukuk issued by companies in the UAE, $1.1bn in sukuk issued by firms based in Saudi Arabia, $487.7m in bonds and $300m in sukuk issued by companies in Kuwait, and $34.7m issued by firms in Oman. Also, sovereign proceeds in the covered month consisted of $5bn in sukuk that Saudi Arabia issued, $2.5bn in bonds issued by Qatar, $750m in bonds issued by supranational issuer the Arab Petroleum Investments Corporation, and $149.7m in sukuk that the UAE issued.

Source: KAMCO

OUTLOOK

WORLD

Lower inflation rates point towards loosening of monetary policy

The World Economic Forum's annual survey of chief economists indicated that 43% of respondents expected high inflation rates to persist in Sub-Saharan Africa in the remainder of 2024, while 32% of participants anticipated elevated inflation rates in Latin America and the Caribbean, 22% projected high inflation in the U.S., and 21% forecast elevated inflation rates in South Asia. Also, it said that 18% of participants expected inflation rates to remain high in Europe in the rest of 2024, 14% of surveyed economists anticipated high inflation rates in the Middle East and North Africa, and 5% of respondents projected high inflation to persist in Central Asia. In contrast, it noted that participants expected inflation rates to be moderate or to decline in each of East Asia and Pacific and in China for the remainder of 2024.

In addition, the survey showed that 86% of chief economists expected a looser monetary policy in Europe in the rest of 2024, 67% of respondents anticipated an easing of monetary conditions in China, 61% of participants forecast the loosening monetary policy in the U.S., and 54% projected such monetary conditions in Latin America and the Caribbean. It added that 45% of surveyed economists expected an easing of monetary policy in East Asia and the Pacific in the rest of 2024, 38% anticipated looser monetary conditions in South Asia, 37% projected similar trend in Central Asia, 35% of participants forecast an expansionary monetary policy in the Middle East and North Africa, and 25% of respondents expected a looser monetary policy in Sub-Saharan Africa. The results of the survey, which the WEF conducted in April 2024, are based on the responses of 29 chief economists across the world.

Source: World Economic Forum

More than 70% of executives adopting AI in at least one business function

In its survey of company executives on the adoption of generative artificial intelligence (Gen AI), global consulting firm McKinsey & Co. revealed that 72% of surveyed participant said that their organizations have adopted AI in at least one business function, while 65% of respondents noted that their companies are using regularly Gen AI in at least one function. Also, it showed that 34% of respondents pointed out that they adopted Gen AI in their marketing and sales, 23% of participants indicated that they are using Gen AI in the development of their products and services, 17% of surveyed executives pointed out that they implemented Gen AI in their information technology functions, 16% said that they are utilizing Gen AI in corporate functions and service operations, and 13% of respondents noted that they adopted Gen AI in software engineering.

Further, it indicated that 15% of participants stated that C-level executives are regularly using Gen AI at work, 12% of surveyed executives said that senior managers are adopting Gen AI in their job, and 9% noted that mid-level managers are frequently utilizing Gen AI for work. It added that 19% of respondents indicated that workers in business, legal, and professional services are regularly using Gen AI for work, 15% of participants revealed that employees in the media and telecommunications industry and in the technology services are adopting Gen AI in their job, 14% of surveyed executives said that workers in the healthcare, pharmaceutical, and medical industry are frequently utilizing Gen AI in their work, 8% said that employees in the energy and materials sectors, in consumer goods and retail, and in financial services are adopting Gen AI, while 7% of respondents noted that workers in advanced industries are regularly using Gen AI for work.

In addition, it showed that 19% of surveyed executives said that companies in Greater China are regularly using Gen AI tools, 15% of participants noted that firms in developing markets are frequently adopting Gen AI tools, 12% pointed out that corporates in North America are regularly applying Gen AI tools, 11% indicated that companies in Europe are frequently adopting Gen AI tools, and 3% of surveyed executives said that firms in Asia-Pacific are regularly utilizing Gen AI tools. The survey's results are based on the responses of 1,363 participants across sectors and company sizes. McKinsey conducted the survey between February 22 and March 5, 2024.

Source: McKinsey & Company

EMERGING MARKETS

Capital inflows to rise by 32% to $903bn in 2024

The Institute of International Finance projected non-resident capital inflows to emerging markets (EMs) at $903bn in 2024, constituting a rise of 32.4% from $682bn in 2023. It attributed the rebound in capital flows to a soft landing scenario for global economies and to the widening of interest rate spreads between rates in EMs and in advanced economies. Also, it forecast foreign direct investments (FDI) in EMs at $426bn this year, representing an increase of 38.8% from $307bn in 2023, and anticipated portfolio investments to reach $259bn in 2024 compared to $161bn in 2023. It expected other investments in EMs, mainly banking-related flows, at $218bn in 2024, up by 2% from $214bn last year. Further, it projected resident capital outflows from EMs to expand from $700bn last year to $864bn in 2024, due to a 40% surge in FDI outflows from the EM region, a 21% increase in other investments, mainly banking-related flows, and a 3.4% uptick in outward portfolio investments. As such, it forecast net capital flows to EMs, including errors and omissions, to shift from outflows of $119bn in 2023 to inflows of $28bn in 2024.

In parallel, it projected non-resident capital inflows to EMs ex-China to rise by 22.4% to $815bn in 2024. It forecast FDI in EMs ex-China to grow by 40% to $369bn this year, while it anticipated portfolio inflows to EMs ex-China to increase by 22.4% to $180bn in 2024. It expected other investments in EMs ex-China, mainly banking-related flows, to grow by 4.7% to $267bn in 2024. Further, it projected resident capital outflows from EMs ex-China to rise by 25.3% to $604bn in 2024, due to a 103.6% surge in FDI outflows from EMs ex-China and a rise of 5.6% in other investments, which would be partly offset by a 2.6% decrease in portfolio investment outflows. As a result, it forecast net capital inflows to EMs ex-China, including errors and omissions, to reach $233bn in 2024 compared to $122bn in 2023.

In addition, it considered that downside risks to capital flows to EMs consist of a slowdown in global economic growth, increasing geopolitical tensions with potential effects on market sentiment and risk appetite, and delays in the U.S. Federal Reserve interest rate cuts.

Source: Institute of International Finance

ECONOMY & TRADE

SAUDI ARABIA

Credit profile supported by solid fundamentals

In its periodic review of Saudi Arabia's credit profile, Moody's Ratings indicated that the sovereign rating of 'A1' reflects the Kingdom's large and wealthy economy, improving institutions and policy effectiveness, and the government's robust balance sheet, including large foreign currency reserves. But it noted that the Saudi economy is exposed to cyclical declines in oil demand and prices, and to longer-term risks originating from global carbon transition due to its heavy economic and fiscal reliance on the hydrocarbon sector. Further, it said that the ongoing implementation of large projects will continue to support non-oil real GDP growth in the coming years. In addition, it pointed out that Saudi Arabia's economic strength assessment of 'aa3' takes into account the large size of the economy, high per-capita income, and considerable hydrocarbon endowment. It added that the country's 'a3' institutions and governance strength assessment is underpinned by the significant progress in implementing a broad-based reforms agenda since 2016, as well as the track record of macroeconomic and fiscal policy effectiveness. Also, it noted that the Kingdom's 'aaa' fiscal strength reflects the government's low debt burden, high debt affordability, and robust financial assets. In parallel, it pointed out that the 'positive' outlook on the rating reflects the increasing likelihood that the sovereign's economic and fiscal reliance on hydrocarbons will materially decline over time due to reforms and investments in various non-oil sectors. It considered that the ongoing economic diversification efforts, a stable public debt level, sizeable fiscal buffers, and sustained robust growth in the non-oil sector would exert upward pressure on the rating.

Source: Moody's Ratings

ARMENIA

Economic growth to average 5.5% in 2024-25 period

The European Bank for Reconstruction and Development (EBRD) estimated that Armenia's real GDP growth rate decelerated from 12.6% of GDP in 2022 to 8.7% in 2023. It attributed the economic slowdown in part to a contraction of net capital inflows by 40% in 2023 from the previous year. It noted that the surplus in the exports of services offset the trade deficit, which narrowed the current account deficit to 2.1% of GDP in 2023. It added that public finances improved last year due to prolonged and robust economic growth, and to the improved management of public finances. In addition, it stated that the inflation rate in the country remained close to zero last year, which allowed the Central Bank of Armenia to cautiously reduce its policy rate. It indicated that the number of employees in Armenia's Information and Communications Technology (ICT) sector doubled in 2022, as many multinational corporations benefited from simplified registration processes and significant tax breaks that authorities put in place in 2015, and have moved their teams from Russia and opened research and development centers in Yerevan. In parallel, it projected Armenia's real GDP growth rate at 6.2% in 2024 and 4.8% in 2025, compared to growth rates of 3.5% in 2024 and 4.9% in 2025 in the Eastern Europe and the Caucasus countries. It considered that downside risks to Armenia's economic outlook stem from geopolitical uncertainties in the region.

Source: European Bank for Reconstruction and Development

JORDAN

Sovereign ratings upgraded on improving fiscal and external buffers

Capital Intelligence Ratings upgraded Jordan's long-term foreign and local currency ratings from 'B+' to 'BB-', which are three notches below investment grade. Also, it revised the outlook on the long-term ratings from 'positive' to 'stable', and affirmed the country's short-term foreign and local currency ratings at 'B'. It attributed the upgrade of the ratings to the economy's resilience and to the government's gradually improving capacity to withstand external shocks, despite the challenging geopolitical environment. It added that the ratings are supported by the government's prudent macroeconomic policies and improved external liquidity amid the narrowing of the current account deficit and an increase in foreign currency reserves. It noted that the ratings also reflect the availability of financial assistance from multilateral lenders and external donors, as well as moderate external government debt, a resilient funding base, and a relatively sound banking sector. However, it said that the ratings are constrained by very high geopolitical risk factors, an elevated government debt level, and significant socioeconomic challenges. Further, it indicated that the 'stable' outlook balances the increase of the country's foreign currency reserve buffer, the availability of international support, and ongoing fiscal consolidation measures, with moderately weak public finances and high central government debt levels. In addition, it said that it could downgrade the ratings if regional or domestic instability risks increase significantly, or if the public and external finances deteriorate.

Source: Capital Intelligence Ratings

BANGLADESH

Outlook contingent on external position

In its periodic review of Bangladesh's credit profile, Moody's Ratings indicated that the country's sovereign rating of 'B1' balances its robust growth prospects and moderate debt burden, with its limited fiscal flexibility and its institutional weaknesses that constrain competitiveness. It said that limited exports, along with lower capital and portfolio investments, have led to the deterioration of the country's external position and increased foreign currency liquidity pressures in the short term. It added that debt affordability remains weak due to higher debt servicing costs relative to the government's low revenue generation capacity, despite access to concessional financing and the relatively modest public debt level. Also, it projected the country's foreign currency reserves position to stabilize in the next few months, supported by the recent modest current account surpluses. In addition, it indicated that Bangladesh's economic strength assessment of 'baa3' balances the country's very low per capita income and limited competitiveness with robust growth prospects. It noted that the 'b3' institutions and governance strength assessment reflects the deterioration in government effectiveness, control of corruption, and the weak credibility of its legal structures. It added that the country's 'ba2' fiscal strength takes into account the constraints of the government's narrow revenue base to its fiscal flexibility and debt affordability. It added that Bangladesh's 'ba' susceptibility to event risk is driven by external vulnerability and government liquidity risks, as well as by the banking sector's vulnerabilities.

Source: Moody's Ratings

SAUDI ARABIA

Bank earnings to remain strong despite narrower margins

Moody's Ratings considered that the net interest margins of Saudi banks will likely narrow in 2024 after remaining broadly stable in 2023, as their funding cost increases amid tight liquidity in the sector. It said that interest-bearing deposits are growing at a faster pace than non-interest bearing deposits, as customers are seeking higher returns on their savings, which would put pressure the banks' net interest margins. As such, it noted that the share of non-interest bearing deposits decreased from 65% at end-2021 to 54% at end-March 2024. It added that the deposits of the government and of government-related entities accounted for 25% of total deposits at end-March 2024, with the majority of these deposits carrying interest rates in light of the government's efficient deployment of its excess liquidity and management of public finances. Further, it said that banks have carried out various initiatives to reduce the cost of deposits, but it considered that these measures will partially soften the impact of elevated funding costs. Also, it noted that the banks' asset yields have peaked last year and will provide limited upside this year to offset the rise in funding costs, as it considered that the increase in domestic deposits would be insufficient to fund the increase in credit demand. It indicated that Saudi banks are seeking market funding to finance their lending, which it considered to be costlier and will further weigh on the banks' funding costs and profitability. But it said that banks will continue to post robust net profits due to elevated lending that will support the banks' net interest income, while fee-related income remains strong. It pointed out that mortgage lending that carries fixed interest rates will provide a profitability hedge for banks against future declines in interest rates.

Source: Moody's Ratings

KUWAIT

Agencies take rating actions on banks

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Al Ahli Bank of Kuwait (ABK), Burgan Bank, Gulf Bank (GB) and the National Bank of Kuwait (NBK) at 'A+', and maintained the rating of Boubyan Bank at 'A'. It affirmed the Bank Standalone Ratings (BSRs) of NBK and GB at 'a-', the ratings of ABK and Burgan Bank at 'bbb+', and the BSRs of Boubyan Bank at 'bbb'. It also maintained the 'stable' outlook on all the ratings. It noted that the ratings of the banks are supported by adequate capitalization, comfortable liquidity, good asset quality, satisfactory funding, high loss reserve coverage, and strong government support in case of need. It pointed out that the ratings of the five banks are constrained by high concentrations in their loan books, while the ratings of ABK, Boubyan Bank, GB and Burgan Bank are constrained by high concentrations in customer deposits. In parallel, Moody's Ratings affirmed the long-term local and foreign currency deposit ratings of Boubyan Bank at 'A2', and maintained those of Burgan Bank at 'Baa1', with a 'stable' outlook on the banks' ratings. Also, it affirmed the Baseline Credit Assessment of Boubyan Bank at 'baa3', and that of Burgan Bank at 'ba2'. It noted that the ratings of the banks reflect strong government support in case of need, solid franchises, good asset quality, adequate capitalization, stable funding, sound liquidity, robust loss absorbing capacity, and satisfactory profitability.

Source: Capital Intelligence Ratings, Moody's Ratings

MOROCCO

Banks' capital adequacy ratio at 15.8% at end-June 2023, NPLs ratio at 8.4%

The International Monetary Fund considered that the banking sector in Morocco is resilient, well capitalized, and profitable, and is supported by a risk-based supervisory framework that is in line with international standards. It indicated that the sector's capital adequacy ratio stood at 15.8% at end-June 2023, well above the minimum regulatory requirement of 12%, and that the banks' Tier One capital ratio was 12.9%. Also, it said that banks' liquid assets were equivalent to 14.6% of total assets at end-2023 compared to 16.1% of total assets a year earlier, and that they were equivalent to 17.7% of short-term liabilities at end-2023 relative to a ratio of 19.2% at end-2022. It added that the ratio of customer deposits to loans was 104.8% at end-2023 compared to 106.3% at end-2022. In addition, it noted that the sector's non-performing loans (NPLs) ratio stood at 8.4% at end-2023, unchanged from end-2022, with the NPLs coverage ratio at 68.9% at end-2023 compared to 68.4% a year earlier, which helped cover banks against potential risks from the impact of recent shocks. It added that that the cost of risk was stable at 0.7% at end-June 2023, unchanged from end-2022. In parallel, it pointed out that the banks' return on assets increased from 0.7% in 2022 to 1.1% in the first half of 2023 on an annualized basis and their return on equity improved from 6.9% in 2022 to 11.8% in the first half of 2023 on an annualized basis. It added that higher lending rates, credit growth, and the availability of significant low-cost current and savings accounts boosted the banks' net interest income in 2023. In parallel, it considered the expansion of Moroccan banks in Africa to be an opportunity for diversification and profit generation, despite their resulting exposure to changing economic conditions in the region.

Source: International Monetary Fund

NIGERIA

Agency takes rating actions on five banks

Fitch Ratings affirmed the long- and short-term Issuer Default Ratings (IDRs) of Access Bank (AB), Zenith Bank (ZB), United Bank for Africa (UBA), and Guaranty Trust Holding Company (GTCO) at 'B-' and 'B', respectively, and maintained the 'positive' outlook on the banks' IDRs. Also, it affirmed the national long-term rating of Stanbic IBTC Holdings (SIBTC) at 'AAA(nga)' with a 'stable' outlook. Further, it maintained the viability ratings (VRs) of AB, ZB, UBA and GTCO at 'b-'. It indicated that the IDRs of AB, ZB, UBA and GTCO are supported by their stable standalone creditworthiness, while their VRs reflect their strong franchises, comfortable liquidity buffers, moderate-to-low depositor concentration, and solid capitalization levels. It added that the VRs of the four banks reflect their sound profitability, which is supported by the revaluation of the banks' assets in foreign currency following the depreciation of the naira. Further, it noted that the Stage 2 loans ratio of GTCO, UBA, ZB were at 16%, 14% and 34% of gross loans at end-2023, respectively, which poses credit risks to the three banks. In parallel, it said that that the rating of SIBTC reflects the potential support from its South African parent bank, Standard Bank Group. It noted that the ratings of the five banks are constrained by their high exposure to the sovereign, as they hold government securities and cash reserves at the Central Bank of Nigeria.

Source: Fitch Ratings

Oil prices to average $85.8 p/b in second quarter of 2024

ICE Brent crude oil front-month prices reached a four-month low of $77.5 per barrel (p/b) on June 4, 2024, constituting a decrease of 5% from $81.6 p/b at end-May 2024, due to increases in U.S. crude oil and fuel stockpiles. Also, oil prices declined after eight members of the OPEC+ coalition announced that they will extend the voluntary production cuts of 2.2 million barrels per day (b/d) until the end of September 2024, after which these cuts would be gradually phased out on a monthly basis from October 2024 to September 2025. But oil prices rebounded to $78.4 b/d on June 5, 2024 after a sell-off in oil contracts, following the OPEC+ decision to start unwinding cuts of 2.2 million b/d from October 2024. Further, in its latest meeting on June 2, the OPEC+ coalition agreed to extend oil production cuts of 3.66 million b/d until the end of 2025, as well as to prolong the voluntary cuts of 2.2 million b/d until the end of September 2024. As such, OPEC+ members are currently cutting output by 5.86 million b/d, which is about 5.7% of global demand. In parallel, JPMorgan Chase &Co. expected oil prices to average between $70 p/b and $90 p/b in 2024, as the link between fundamental factors, such as the supply and demand outlook, and non-fundamental factors, such as geopolitical uncertainties and upcoming major elections, is becoming increasingly blurry. As such, it anticipated that the OPEC+ coalition will maintain its current quotas and its voluntary adjustments until the first half of 2025. In addition, Refinitiv projected oil prices, through its latest crude oil price poll of 41 industry analysts, to average $85.8 p/b in the second quarter of 2024.
Source: JPMorgan Chase &Co., Refinitiv, Byblos Research

Global steel output up 3.4% in April 2024

Global steel production reached 155.7 million tons in April 2024, constituting decreases of 3.4% from 161.2 million tons in March 2024 and of 3.5% from 161.4 million tons in April 2023. Production in China totaled 85.9 million tons and accounted for 55.2% of global steel output in April 2024, followed by production in India with 12.1 million tons (7.8%), Japan with 7.1 million tons (4.6%), the U.S. with 6.7 million tons (4.3%), Russia with 6.2 million tons (4%), and South Korea with 5.1 million tons (3.3%).
Source: World Steel Association, Byblos Research

Iraq's oil exports at 102.4 million barrels in April 2024

Figures issued by the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 102.4 million barrels in April 2024, constituting a decrease of 3.5% from 106.1 million barrels in March 2024 and an increase of 3.8% from 98.6 million barrels in April 2023. Exports from the central and southern fields stood at 100.9 million barrels in April 2024 compared to 104.7 million barrels in March 2024
Source: Iraq Ministry of Oil, Byblos Research

Global output of natural gas up by 1.6% in 2024

The International Energy Agency projected global natural gas production to reach 4,192 billion cubic meters (bcm) in 2024, constituting an increase of 1.6% from 4,127 bcm in 2023. It forecast the production for natural gas in North America at 1,270 bcm and to represent 30.3% of the world's aggregate output in 2024, followed by Eurasia with 860 bcm (20.5%), the Middle East with 745 bcm (17.8%), Asia-Pacific with 685 bcm (16.3%), Africa with 260 bcm (6.2%), Europe with 219 bcm (5.2%), and Central and South America with $153 bcm (3.6%).
Source: International Energy Agency, Byblos Research

Base Metals: Nickel prices to average $19,462 per ton in second quarter of 2024

The LME cash price of nickel averaged $17,559.5 per ton in the first 22 weeks of 2024, constituting a drop of 29% from an average of $24,682.3 a ton in the same period of 2023, due to monetary tightening, as well as to the excessive production of the metal by Indonesian and Chinese nickel producers. Also, nickel prices reached $21,339 per ton on May 20, 2024, marking the metal's highest price since August 3, 2023 when it reached $21,369 a ton. S&P Global Market Intelligence attributed the recent increase in prices to strong investor sentiment toward the metal, as well as to the protests on the island of New Caledonia, the world's third largest mined nickel producer, which raised fears over the supply of the metal. Prices then decreased to $18,032 a ton on June 5, 2024 due to bearish physical market trends, indicating that the global primary nickel market remains oversupplied. In parallel, S&P Global Market Intelligence anticipated the global supply of nickel at 3.63 million tons in 2024, which would constitute an increase of 8.1% 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 120,000 tons in 2024, amid expectations of increased consumption of the metal in China, Indonesia, the U.S. and South Africa, as well as to the recovery of the stainless steel sector that supports demand for nickel. Further, it projected nickel prices to average $19,462 per ton in the second quarter of 2024.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,240 per ounce in second quarter of 2024

Gold prices averaged $2,186.9 per troy ounce in the first 22 weeks of 2024, constituting an increase of 13.2% from an average of $1,932 an ounce in the same period of 2023, mainly due to rising geopolitical tensions in the Middle East, which reinforced the appeal of the metal as a safe haven for investors. The increase was also due to strong demand by central banks, and 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 peaked at $2,431.75 an ounce on May 21, 2024 but regressed to $2,326.8 an ounce on June 4, 2024, amid newly released data that showed higher-than-expected inflation rates in the U.S., which dampened expectations that the U.S. Federal Reserve would start cutting interest rates soon. Prices then increased to $2,352.4 an ounce on June 5, 202, due to renewed expectations that the European Central Bank will start its cycle of interest rates cuts, and that the U.S. Federal Reserve will soon follow. In parallel, S&P Global Market Intelligence forecast global gold mine production at 106.8 million ounces in 2024, which would represent a rise of 4.6% from 102.1 million ounces in 2023, driven by large increases in mine supply from Canada, the U.S., Uzbekistan, Brazil, Mexico, Mali, Papua New Guinea, Chile and Zimbabwe. It expected that central banks in major economies, such as in Japan and the U.K. would start reducing their interest rates soon amid easing inflation rates, which would put upward pressure on the metal's price. Further, it projected gold prices to average $2,240 per ounce in the second quarter of 2024, with a low of $2,050 per ounce and a high of $2,350 an ounce during the quarter.
Source: 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- Stable	B3 Positive	B- Stable	- -	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B- Positive	Caa1 Positive	B- Positive	B Negative	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	SD -	Caa3 Stable	CCC- -	- -	-2.9	26.2	0.5	33.4	7.8	157.9	-3.4	2.0
Ghana	SD -	Ca Stable	RD -	- -	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB- Positive	Ba2 Stable	BB- Stable	- -	-4.5	57.7	4.7	47.6	15.7	112.3	-4.4	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-2.5	15.0	1.4	5.1	2.0	102.1	-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	- -	-4.4	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 Negative	CCC- -	- -	-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+ Stable	B2 Stable	B+ Stable	- -	-4.8	68.0	3.6	22.5	9.6	111.1	-10.6	3.5
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ 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- Stable	Caa1 Stable	B- Stable	- -	-4.5	38.3	20.3	4.0	2.0	33.0	11.5	-1.8
Jordan	B+ Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.1	90.6	1.9	69.7	10.9	151.6	-4.6	1.8
Kuwait	A+ Stable	A1 Stable	AA- Stable	A+ 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+ Stable	Ba1 Stable	BB+ Stable	BB+ Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA Stable	Aa2 Stable	AA- Positive	AA Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A Stable	A1 Positive	A+ Stable	A+ Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	- -	- -	- -	- -	-	49.0	-	-	-	-	-15.5	-
UAE	- -	Aa2 Stable	AA- Stable	AA- 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- 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	66.1	10.6	25.8	5.9	64.5	2.3	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-8.0	86.0	6.6	27.5	28.9	87.2	-3.1	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 -	- -	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-2.8	23.8	1.7	19.9	1.7	105.0	-0.2	1.8
Romania	BBB- Stable	Baa3 Stable	BBB- 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 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	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	09-May-24	No change	20-Jun-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	22-May-24	No change	10-Jul-24
Switzerland	SNB Policy Rate	1.50	21-Mar-24	Cut 25bps	20-Jun-24
Canada	Overnight rate	4.75	05-Jun-24	Cut 25bps	24-Jul-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-May-24	No change	20-Jun-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	13-Jun-24
South Korea	Base Rate	3.50	23-May-24	No change	11-Jul-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	23-May-24	No change	18-Jul-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	50.00	25-Apr-23	No change	27-Jun-24
South Africa	Repo Rate	8.25	30-May-24	No change	18-Jul-24
Kenya	Central Bank Rate	13.00	05-Jun-24	No change	N/A
Nigeria	Monetary Policy Rate	26.25	21-May-24	Raised 150bps	23-Jul-24
Ghana	Prime Rate	29.00	27-May-24	No change	29-Jul-24
Angola	Base Rate	19.50	17-May-24	Raised 50bps	18-Jul-24
Mexico	Target Rate	11.00	09-May-24	No change	27-Jun-24
Brazil	Selic Rate	10.50	08-May-24	Cut 25bps	19-Jun-24
Armenia	Refi Rate	8.25	30-Apr-24	Cut 25bps	11-Jun-24
Romania	Policy Rate	7.00	13-May-24	No change	05-Jul-24
Bulgaria	Base Interest	3.78	03-Jun-24	No change	01-Jul-24
Kazakhstan	Repo Rate	14.50	31-May-24	Cut 25bps	12-Jul-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

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

BYBLOS BANK GROUP

LEBANON

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

IRAQ

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

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

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

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

ARMENIA

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

BELGIUM

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

UNITED KINGDOM

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

FRANCE

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

NIGERIA

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

ADIR INSURANCE

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