800 ISSUES+
Issue 808 | July 4, 2024

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Fixed income trading up 5% to $1.7 trillion in first quarter of 2024

Trading in emerging markets debt instruments reached $1.7 trillion (tn) in the first quarter of 2024, constituting increases of 5.2% from $1.6tn in the same quarter of 2023 and of 39.6% from $1.2tn in the fourth quarter of 2023. Turnover in local-currency instruments reached $1.14tn in the covered period, up by 7% from $1.06tn in the first quarter of 2023, and accounted for 66.8% of the debt trading volume in emerging markets. In parallel, trading in Eurobonds stood at $564bn in the first quarter of the year and regressed by 5.2% from $536bn in the same quarter of 2023. The volume of traded sovereign Eurobonds reached $408bn and accounted for 72.3% of total Eurobonds traded in the first quarter of 2024, relative to $345bn and a share of 64.4% in the same quarter of 2023. Also, the volume of traded corporate Eurobonds amounted to $155bn and represented 27.5% of total Eurobonds traded. Turnover in warrants and options stood at $757m, while loan assignments amounted to $384m in the first quarter of 2024. The most frequently-traded instruments in the first quarter of 2023 were Mexican fixed income assets with a turnover of $432bn, or 25.4% of the total, followed by securities from Brazil with $214bn (12.6%), and instruments from China with $148bn (8.7%). Other frequently-traded instruments consisted of fixed income securities from India at $128bn (7.5%) and from Poland at $57bn (3.3%).

Source: EMTA

SAUDI ARABIA

Profits of listed firms down 8% to $36bn in first quarter of 2024

The cumulative net income of 207 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR135.9bn, or $36.2bn in the first quarter of 2024, constituting a decrease of 7.6% from SAR147bn ($39.2bn) in the first quarter of 2023. Listed energy firms generated net profits of $27.4bn and accounted for 75.7% of total earnings in the covered period. Listed banks followed with $5bn in net income (13.7% of the total), then telecommunications firms with $1.1bn (3%), materials providers with $739.5m (2%), food and beverages companies with $370m (1%), and healthcare equipment and services providers with $303.7m and capital goods firms with $278.8m (0.8% each); while listed companies in the utilities sector registered net losses of $221m. In parallel, the net earnings of listed consumer durables and apparel firms jumped by 4,243% annually in the first quarter of 2024, followed by the earnings of capital goods providers (+150%), financial services firms (+56.6%), insurers (+54%), media companies (+46%), transportation firms (+30%), healthcare services and equipment providers (+16.5%), materials firms (+16.3%), companies in the software and services industry (+14.4%), commercial and professional services providers (+9.2%), pharma, biotech & life science firms (+9%), companies in the food and beverages sector and the banking industry (+8.1% each), consumer staples distribution & retail firms (+7.5%), and consumer services providers (+7.4%). In contrast, the net income of real estate management and development firms dropped by 36% in the first quarter of 2024, followed by the profits of companies in the energy sector (-12.3%).

Source: KAMCO

MENA

Stock markets down 5% in first half of 2024

Arab stock markets declined by 5%, while Gulf Cooperation Council equity markets decreased by 4.5% in the first half of 2024, relative to increases of 1.6% and 3.1%, respectively, in the same period of 2023. In comparison, global stocks grew by 9.6% and emerging market equities improved by 6.6% in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, rose by 27.4% in the first half of 2024; the Egyptian Exchange appreciated by 11.5%, the Tunis Bourse advanced by 11.4%, and the Casablanca Stock Exchange improved by 10%. Also, the Boursa Kuwait yielded 5%, the Muscat Securities Market gained 3.8%, and the Bahrain Bourse grew by 2.7% in the covered period. In contrast, the Beirut Stock Exchange dropped by 19.2% in the first half of 2024, the Palestine Exchange declined by 10.8%, the Qatar Stock Exchange decreased by 8%, and the Abu Dhabi Securities Exchange contracted by 5.4%. Also, the Saudi Stock Exchange retreated by 2.4%, the Amman Stock Exchange shrank by 1.5%, the Iraq Stock Exchange lost 1.2%, and the Dubai Financial Market regressed by 0.7% in the first half of 2024.

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

Remittance inflows down 14% to $58.2bn in 2023

The World Bank estimated remittance inflows to Arab countries at $58.2bn in 2023, constituting a decrease of 14.2% from $67.9bn in 2022, compared to a contraction of 3.3% in 2022 and rises of 14.8% in 2021 and 4.2% in 2020. Further, inflows to Arab countries accounted for 6.8% of global remittance flows and for nearly 9% of remittances to developing economies in 2023. The Arab region was the second-smallest recipient of remittances among developing markets, behind only Sub-Saharan Africa ($54.4bn). Also, remittance inflows to Arab countries, along with flows to Sub-Saharan Africa, posted the only declines in 2023 among developing economies. In parallel, Egypt was the largest Arab recipient of remittances with $19.5bn or 33.6% of the total in 2023, followed by Morocco with $11.8bn (20.2%), Lebanon with $6.7bn (11.5%), Jordan with $4.5bn (7.7%), and Yemen with $3.8bn (6.5%); while the remaining Arab countries received $12bn in remittances or 20.6% of the total. Remittance inflows to Qatar surged by 39.3% in 2023, followed by flows to Algeria (+9.6%), to Saudi Arabia (+8.5%), Morocco, (+5.2%), Lebanon (+4.1%), and Djibouti (+2.4%); while remittance inflows to the rest of the Arab economies declined by 25.7% in 2023. Further, remittance inflows to Lebanon were equivalent to 30.7% of GDP in 2023, the third highest ratio in the world, followed by Yemen at 20.5% of GDP, Palestine at 19.4% of GDP, Jordan at 8.8% of GDP, and Morocco at 8.2% of GDP. Remittance inflows to Arab countries were equivalent to about 2.1% of the region's GDP in 2023.

Source: World Bank, Byblos Research

OUTLOOK

AFRICA

Economic activity to average 3.7% in 2024-25 period, outlook subject to downside risks

The World Bank projected the real GDP growth rate of Sub-Saharan Africa (SSA) to accelerate from 3.5% in 2024 to 3.9% in 2025, relative to a previous forecast of 3.8% for 2024 and 4.1% for 2025, driven by receding inflationary pressures in the region, higher private consumption, and increasing investments. But it attributed its downward revision largely to the damaging effects of political instability and conflicts that have delayed the recovery in parts of the region.

Further, it projected economic activity in SSA, excluding Angola, Nigeria and South Africa, to grow by 4.6% this year and 5.2% in 2025. Also, it expected the real GDP growth rate of Eastern and Southern Africa at 3.4% in 2024 and 3.7% in the 2025, and for economic activity in Western and Central Africa to expand by 3.8% in 2024 and 4.1% in the 2025. It anticipated economic growth in non-resource-rich countries at 5.7% in 2024 before improving to 6% in 2025, supported by declining energy and fertilizer prices. In addition, it forecast economic activity in Angola, Nigeria and South Africa to accelerate from 1.8% in 2023 to 2.4% in 2024 and to average 2.6% in the 2025-26 period. It projected Angola's real GDP growth rate at 2.9% this year and 2.6% in 2025, driven mainly by a recovery in the non-oil sector, while it anticipated economic growth in Nigeria at 3.3% in 2024 and 3.5% in 2025 due to improving in economic conditions following the implementation of macroeconomic reforms. Moreover, it considered that the recent increase in debt-servicing costs has sharply narrowed the fiscal space and exacerbated financing needs in many SSA economies.

In parallel, it considered that risks to the SSA region's economic outlook are tilted to the downside and include a rise in global geopolitical tensions, a further deterioration in regional political stability, a sharper-than-expected economic slowdown in China that will negatively affect activity in the region, and heightened risks of government debt distress.
Source: World Bank

EGYPT

Near- to medium-term economic prospects contingent on confidence and reforms

The Institute of International Finance projected Egypt's primary budget surplus at 3.5% of GDP in the fiscal year that ends in June 2025, in case of continued fiscal discipline, which would put the public debt level on a downward path towards the government's target of 80% of GDP in the near term. Further, it considered that the recent reforms that include a decree that puts a ceiling on public investments, the inclusion of all sectors in the budget to report actual public spending, and a ceiling on general government debt that cannot be breached unless the government approves it, should help reduce the public debt level in the coming few years.

In addition, it expected debt-servicing costs to decline in 2025, if interest rates decrease, if privatization proceeds help reduce the public debt level, and if the Central Bank of Egypt (CBE) starts its monetary policy easing before the end of 2024. It added that the authorities have intentionally accelerated the reimbursement of the public debt by issuing short-term Treasury bills and bonds, in order to reduce the long-term debt burden. Also, it expected the CBE to cut interest rates by a low of 400 basis points (bps) and a high of 800 bps by the end of June 2025. But it indicated that the CBE may keep its policy rate elevated for longer to avoid a negative shock to sentiment, particularly to portfolio investors.

In parallel, it said that upside risks to the outlook include domestic political stability; lower interest rates in the near term; the extension of the maturities of short-term debt at lower rates to reduce government expenditures and the debt burden; a recovery in exports, remittances, and services receipts that will ease the external financing picture and lead to the accumulation of foreign currency reserves; additional foreign direct investments; and investments in natural gas that can produce significant dividends for the country. However, it considered that economic contraction, low investments in the short-term, high interest rates, a potential decline in real wages, and higher taxes and utility prices could erode the political will for reforms. It also considered that the limited progress on privatization and the current geopolitical situation in the region could weigh on Egypt's macroeconomic outlook.
Source: Institute of International Finance

CÔTE D'IVOIRE

Economic growth to average 6.5% in 2024-25 period, outlook faces balanced risks

The International Monetary Fund projected Côte d'Ivoire's real GDP growth rate at 6.5% in 2024 and 6.4% in 2025, supported by still strong consumption and investment demand, as well as new activity in the hydrocarbon exploration and production sector. Further, it expected the inflation rate to decrease from 3.8% in 2024 to 3% in 2025. Also, it anticipated the authorities' ongoing commitment to reforms to support the country's transition to upper middle-income status in the medium-term and enhance its resilience to climate change. It considered that raising the transparency and accountability of public enterprises, strengthening governance and financial integrity, along with financial inclusion and investing in human capital, will support higher productivity and growth in the near- to medium term.

Further, it forecast the fiscal deficit to narrow from 4% of GDP in 2024 to 3% of GDP in 2025, driven by ongoing revenue mobilization efforts. It indicated that the authorities remain firmly committed to boost tax revenues by 0.5% of GDP annually in the medium term and to implement the Medium-Term Revenue Strategy (MTRS). It said that the authorities' MTRS plan focuses on wide-ranging improvements to the tax system to boost its transparency, fairness and efficacy. It called on the authorities to carefully monitor potential budgetary risks arising from the electricity sector and to accelerate plans to reduce payment arrears to domestic suppliers, including through potential additional tariff adjustments. It also expected the public debt level to decline from 60% of GDP in 2024 to 56.7% of GDP in 2025 and 55% of GDP in 2026, and urged the authorities to keep the public debt at a level consistent with a moderate assessment of debt distress. Moreover, it projected the current account deficit to narrow from 5.7% of GDP in 2024 to 2.3% of GDP in 2025. In parallel, it considered that risks to the outlook have become more balanced due to the increased interest from foreign investors, along with the rating agencies' upgrades of the sovereign ratings and outlook.
Source: International Monetary Fund

GCC

Agencies take rating actions on sovereigns

Capital Intelligence Ratings affirmed Saudi Arabia's short- and long-term foreign and local currency ratings at 'A1' and 'A+', respectively, and maintained the 'positive' outlook on the long-term ratings. It attributed the ratings' affirmation to the Kingdom's very strong external liquidity position, supported by ongoing current account surpluses, a strong net external creditor position, as well as good access to international capital markets. It added that the ratings reflect the country's strong public finances, underpinned by the low debt level of the central government and limited gross financing needs, as well as sizeable oil reserves, a sound banking sector, and large fiscal and external buffers. It noted that it could upgrade the ratings if the sovereign reduced its reliance on hydrocarbon revenues, and if structural reforms result in better-than-expected fiscal and economic outcomes. In parallel, Fitch Ratings affirmed the UAE's long- and short-term foreign and local currency Issuer Default Ratings at 'AA-' and 'F1+', respectively, and maintained the 'stable' outlook on the long-term ratings. It also affirmed the Country Ceiling at 'AA+'. It said that moderate public debt levels, strong net external asset balances, high GDP per capita and ESG indicators support the ratings. But it noted that slowing non-oil economic growth and security risks stemming from heightened geopolitical tensions in the Middle East constrain the ratings. It stated that it could upgrade the ratings if confidence further increases in the Emirate of Abu Dhabi's support of the federal government in case of need, or if dependence on oil declines, governance and the economic policy framework strengthen, and geopolitical risks recede.

Source: Capital Intelligence Ratings, Fitch Ratings

TUNISIA

External financing challenges to persist

Barclays Capital projected Tunisia's real GDP growth rate at 2% in 2024 and 2.2% in 2025, and forecast the inflation rate to regress from 7.1% at end-2024 to 6.6% at end-2025. However, it considered that the economic outlook remains challenging amid recurrent delays to structural reforms, which have narrowed the available pool of financial support. It expected the International Monetary Fund (IMF) to delay its Article IV mission until after the presidential election that is scheduled for next October. Further, it said that the government's funding for this year has come largely from the domestic market, following amendments to the Central Bank of Tunisia's law that allowed one-off direct monetary financing of TND7bn, or the equivalent of $2.2bn. It added that direct monetary financing helped the government to repay its €850m Eurobond that matured in February, which brought foreign currency reserves to 104 days of import coverage. It considered that the increasing reliance on reserves and the delays of IMF talks will bring foreign-currency coverage to uncomfortably low levels. It noted that the dynamics of the external balance should drive the country's balance of risks through 2025, while the 2024 budget leaves TND10bn ($3.2bn) in unidentified funding. It expected the fiscal deficit at 7.2% of GDP in 2024 and 6.4% of GDP in 2025, and for the public debt level to increase from 84% of GDP in 2024 to 85.1% of GDP in 2025. Also, it projected the current account deficit at 4.2% of GDP in 2024 and 3.9% of GDP in 2025.

Source: Barclays Capital

GHANA

Eurobond restructuring deal to ease repayment schedule

Moody's Ratings indicated the Minister of Finance of Ghana announced an agreement in principle with bondholders' representatives on the terms for restructuring $13.1bn of Eurobonds, equivalent to 21% of the total debt, which would lead bondholders to forego $4.7bn in principal (5.8% of 2024 GDP). It noted that the agreement would provide debt relief of $4.4bn during Ghana's three-year International Monetary Fund (IMF) program, including unpaid interest on outstanding bonds. It added that the agreement would provide bondholders the option to replace existing bonds with either par or discount bonds, with a limit of $1.6bn for the par option. It stated that the par bonds would mature in 2037 and carry an interest rate of 1.5% with no haircut on the bonds, while the discount bonds would mature between 2029 and 2035 and carry an interest rate of 5% until mid-2028 and of 6% afterward until their maturities, but would include a 37% nominal haircut. Further, it said that the Official Creditor Committee still has to confirm the treatment of bondholders, although the IMF has already indicated that the deal will provide enough relief to comply with the parameters of its three-year program with Ghana. Also, it expected the authorities to solicit the bondholders' consent on the proposed restructuring terms in the coming weeks. In addition, it said that the agreement does not contain any state contingent triggers that provide a more predictable repayment profile for Ghana. However, it noted that the accord includes a most favored creditor clause, which stipulates that the remaining debts to other private creditors are treated on par with Eurobond holders, and added that it contains a loss reinstatement provision.

Source: Moody's Ratings

PAKISTAN

Agreement with IMF becoming more urgent

JPMorgan Chase & Co. indicated that Pakistan's National Assembly approved the budget for the fiscal year that ends in June 2025, and included several amendments to the original version. It noted that the budget is ambitious and aims to simultaneously support growth as well as fiscal consolidation, with a rise of 24.5% in expenditures to PKR18.9 trillion relative to an average increase of 14.5% in the 2015-23 period, and an increase of 46% in revenues to PKR17.8 trillion compared to an average rise of 11.8% on average in the 2015-23 period. Also, it said the budget aims to narrow the fiscal deficit from 7.4% of GDP in FY2023/24 to 5.9% of GDP in FY2024/25 and increase the primary surplus from 0.4% of GDP in FY2023/24 to 2% of GDP in FY2024/25, based on a real GDP growth rate of 3.6% in FY2024/25. In parallel, it estimated that the fiscal deficit will be financed predominantly from local banks, which will exert additional pressure on the banking system's liquidity and increase the risk that the public debt dynamics will become unsustainable. It considered that this makes a new program with the International Monetary Fund, which could unlock additional foreign disbursements from other official lenders, even more urgent and important. As such, it maintained its base case scenario that Pakistan will secure a 3-year, $6bn to $8bn Extended Fund Facility program with the IMF in the coming two months, but added that risks are skewed towards a longer negotiation process.

Source: JPMorgan Chase & Co.

BANKING

EMERGING MARKETS

Central banks postpone monetary policy easing

Moody's Ratings considered that the depreciation of local currencies and persistent services inflation in several emerging economies have compelled central banks in several emerging markets (EM) to put their monetary policy easing on hold. It noted that the cautious monetary policy stance of major EM central banks reflects their domestic inflation dynamics. It indicated that inflation drivers vary across EMs in the Group of 20 economies, but said that the inflation rates in May 2024 were largely in line with price increases at the beginning of the year, indicating that the EM disinflation progress has slowed down in recent months. Also, it considered that spillovers to inflation from currency depreciation pressures amid a strong US dollar will keep the central banks of EMs in the G-20 vigilant. Further, it said that high real rates, amid falling inflation rates globally and wide interest rate differentials with U.S. rates, created room for early rate cuts in EMs. It considered that several EM central banks will aim to balance domestic economic objectives with economic and financial developments in the U.S. in the months ahead, while calibrating their monetary policy. In addition, it pointed out that the strict restrictions that monetary policy tightening is imposing on economic growth will justify lowering interest rates among EMs in the future. But it stated that persistent inflationary pressures have put policy easing on hold, especially in Brazil, Mexico and South Africa, and that narrow interest rate differentials with U.S. rates will limit the Reserve Bank of India and Bank Indonesia's scope to precede the U.S. Federal Reserve's easing cycle.

Source: Moody's Ratings

JORDAN

Banks' ratings upgraded on resilient risk profile

Capital Intelligence Ratings upgraded the long-term foreign currency ratings from 'B+' to 'BB-' of Arab Bank Jordan, Arab Banking Corporation Jordan, Arab Jordan Investment Bank, Bank Al Etihad Bank, Cairo Amman Bank, Capital Bank of Jordan, Housing Bank for Trade and Finance, Investbank, Jordan Ahli Bank, Jordan Commercial Bank, Jordan Kuwait Bank, and Safwa Islamic Bank, and revised the outlook on the long-term ratings from 'positive' to 'stable'. It revised the Bank Standalone Ratings (BSRs) of the 12 banks from 'b+' to 'bb-', changed the outlook from 'positive' to 'stable' on the BSRs of five banks and maintained the 'stable' outlook on the BSRs of the remaining seven banks. It noted that the improved BSRs of the banks reflect their resilient risk profiles and operating environment amid increasing macroeconomic stability. It pointed out that the banking sector's ability to withstand external shocks demonstrates good risk management processes and an effective supervisory and regulatory framework. Further, it expected higher net interest income amid increased lending to offset the narrowing of the banks' net interest margins, although it anticipated that the gradual easing of monetary policy in the short term will translate into lower deposit and lending rates. Also, it said that the ongoing geopolitical tensions in the region could negatively impact the banks' asset quality through higher non-performing loans (NPLs) ratios and, in turn, affect their profitability by increasing provisioning requirements to cover NPLs. It considered that the banks' current strong capitalization is important amid challenging business conditions.

Source: Capital Intelligence Ratings

IRAQ

Banking sector operating in high risk environment

S&P Global Ratings placed Iraq's banking sector in 'Group 10' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '10' and an industry risk score of '10'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the banking sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 10' include Belarus, Bolivia, Egypt, Nigeria, Tunisia, and Ukraine. S&P indicated that Iraq's economic risk score reflects "extremely high risks" in its economic resilience and in credit risks in the economy, as well as "high risks" in its economic imbalances. It indicated that private sector credit that represents 10% of Iraq's GDP and Iraq's GDP per capita of $6,800 in 2023, along with the country's weak institutional framework, increase risks to the banking sector. It noted that the banking sector's non-performing loans (NPLs) ratio was 14.7% at end-2023 and that the NPLs coverage is relatively low. Also, it pointed out that the long-term funding of banks is almost non-existent, which results in significant maturity mismatches, as the majority of deposits are short-term and tend to fluctuate in line with oil revenues. Further, S&P said that the industry score reflects the country's "extremely high risks" in its institutional framework, and "very high risks" in its competitive dynamics and in its system-wide funding. It said that financial supervision and regulations in Iraq lag international standards, and considered that the government's capacity and willingness to support domestic banks during a crisis is limited and uncertain. It noted that the trend for the economic risk and for the industry risk is 'stable'.

Source: S&P Global Ratings

QATAR

Agency affirms ratings of main banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Qatar National Bank at 'A+', and the IDRs of Qatar Islamic Bank (QIB), the Commercial Bank of Qatar (CBQ), and Doha Bank at 'A'. Also, it maintained the 'stable' outlook on the IDRs of the banks. Further, the agency affirmed the viability rating (VR) of QNB at 'bbb+', the rating of QIB at 'bbb', the VR of CBQ at 'bb+', and the rating of Doha Bank at 'bb'. It noted that the IDRs reflect the government's high probability and capacity to support the banks in case of need, irrespective of their size or ownership. Further, it pointed out that the VRs of the rated banks are supported by their solid franchises, adequate capital buffers, and good profitability. It noted that the VR of QIB reflects the bank's high exposure to Qatar's operating environment, as well as its stable funding and liquidity profiles, while the VR of CBQ is supported by its local corporate banking franchise and sound strategy execution. Also, it stated that the ratings of QNB and QIB take into account their sound asset quality, while the VR of DB reflects its adequate liquid buffers. However, it said that the VRs of QNB and CBQ are constrained by the banks' presence in challenging markets, while those of QNB and DB are also limited by their reliance on external funding and the VR of CBQ is affected by the bank's reliance on wholesale funding. Further, it indicated that QIB's VR is constrained by its high funding concentration levels, while DB's VR is also impacted by its exposure to vulnerable sectors and a high rate of problem loans.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $80 p/b in 2024

ICE Brent crude oil front-month prices averaged $83.4 per barrel (p/b) in the first half of 2024, constituting an increase of 4.2% from an average of $80 p/b in the same period of 2023 due to higher oil demand and to rising geopolitical tensions. Also, oil prices stood at $87.3 p/b on July 3, 2024, reaching their highest levels since April 30, 2024, driven by a large drop in U.S. stockpiles, and by expectations of solid oil demand during the summer season in the U.S., the world's biggest oil consumer. In parallel, Fitch Ratings expected global oil consumption growth to continue in the 2024-25 period by similar increments than previous averages. But it anticipated the increase in global oil demand to slow down to 1.1 million b/d in 2024 due to efficiency gains and higher demand for electric vehicles, as well as to slower economic growth in China, as it forecast oil demand in China to rise by only 0.3 million b/d in 2024. Also, it projected global oil production growth to be well below 1 million b/d in 2024, due largely to OPEC+'s discipline, while it expected oil output to exceed 1 million b/d in 2025, driven by strong increase in production from non-OPEC+, mostly in the U.S., Canada, and Brazil. Further, it considered that the unwinding of oil production cuts by the OPEC+ coalition, elevated oil output from the U.S., and rising inventory levels globally, may move the oil market into a surplus in 2025. It indicated that OPEC+'s ample spare capacity of 5.9 million barrels per day (b/p) limits potential increases in oil prices and contains the geopolitical risk premium. In addition, it projected oil prices to average $80 p/b in full year 2024.

Source: Fitch Ratings, Refinitiv, Byblos Research

Iraq's oil exports at 104.1 million barrels in May 2024

Figures issued by the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 104.1 million barrels in May 2024, constituting increases of 1.7% from 102.4 million barrels in April 2024 and of 1.3% from 102.5 million barrels in May 2023. Exports from the central and southern fields stood at 104.1 million barrels in May 2024 compared to 100.9 million barrels in April 2024.

Source: Iraq Ministry of Oil, Byblos Research

Global demand for natural gas to increase by 2.3% in 2024

The International Energy Agency projected global natural gas demand to reach 4,191 billion cubic meters (bcm) in 2024, constituting an increase of 2.3% from 4,095 bcm in 2023. It forecast demand for natural gas in North America at 1,166 bcm and to represent 27.8% of the world's aggregate demand in 2024, followed by the Asia Pacific region with 942 bcm (22.5%), Eurasia with 646 bcm (15.4%), the Middle East with 607 bcm (14.5%), Europe with 497 bcm (11.9%), Africa with 181 bcm (4.3%), and Central and South America with 152 bcm (3.6%).

Source: International Energy Agency, Byblos Research

Global petroleum and liquid fuels consumption to grow by 1.1% in 2024

The U.S. Energy Information Administration projected the global consumption of petroleum and liquid fuels at 103 million barrels per day (b/d) in 2024, constituting an increase of 1.1% from 101.9 million b/d in 2023. It forecast the consumption of petroleum and liquid fuels of non-OECD economies at 57.2 million b/d, or 55.6% of global demand, and for the consumption of OECD countries to reach 45.8 million b/d, or 44.4% of the total.

Source: U.S. Energy Information Administration

Base Metals: Copper prices to average $10,000 per ton in third quarter of 2024

LME copper cash prices averaged $9,097.2 per ton in the first half of 2024, constituting an increase of 4.6% from an average of $8,700.7 a ton in the same period of 2023. The increase in prices was due to improving copper demand from China's copper-intensive construction industry, fears of supply disruptions of the metal, as well as to elevated demand from the manufacturers of power lines, appliances, wind turbines, and electric vehicles. Further, the metal's price dropped from a peak of $10,800.8 a ton on May 5, 2024 to $9,527.2 per ton on July 2, 2024 amid expectations of the U.S. Federal Reserve delaying its interest rate cuts, and a weaker-than-expected economic recovery in China, the world's largest consumer of the metal. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 8.86 million tons in the first four months of 2024, constituting a rise of 4.2% from 8.5 million tons in the same period of 2023 due to a rise of 6.5% in Chinese demand for the metal. Also, it noted that the global production of refined copper reached 9.16 million tons in the first four months of 2024, up by 5.5% from 8.68 million tons in the same period of 2023, as higher output from Chile, the Democratic Republic of the Congo, Indonesia, Japan, Peru, and the U.S. was partially offset by lower production in the European Union. It added that mine production accounted for 80.1% of the aggregate output of refined copper in the covered period relative to 80.5% in the first four months of 2023. In parallel, Fitch Ratings expected copper prices to remain elevated in 2024 due to supply restrictions, following the closure of the Cobre Panama mine, as well as to expectations of reduced output by Anglo American Company and smelters in China. Also, Citi Research projected copper prices at $10,000 per ton in the third quarter of 2024 and to average $9,800 per ton in full year 2024.

Source: ICSG, Citi Research, Fitch Ratings, Refinitiv

Precious Metals: Gold prices to average $2,475 per ounce in third quarter of 2024

Gold prices averaged $2,205.2 per ounce in the first half of 2024, constituting an increase of 14.2% from an average of $1,933.4 an ounce in the same period of 2023, due to the increase in geopolitical risks as a result of the war in the Gaza Strip, 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. Also, the World Gold Council noted that the increase in prices is also driven by robust demand for gold by central banks and solid global retail consumer demand. Further, prices reached an all-time high of $2,431.8 per ounce on May 21, 2024 amid heightened geopolitical tensions in the Middle East, strong demand for the metal by central banks, and solid inflows into physically-backed gold exchange traded funds. Prices then decreased to $2,328.8 an ounce on July 2, 2024, due to the U.S. Federal Reserve's decision to delay policy rate cuts, as well as to elevated U.S. Treasury yields that reduced the appeal of gold. In parallel, Citi Research projected global demand and supply for gold to increase by 1% from 4,911 tons in 2023 to 5,034 tons in 2024, with mined output representing 74% of total gold supply in 2024 relative to 73% in the previous year. It expected gold to experience solid demand and high prices due to expectations of increased demand for the metal by major central banks, as well as by the bars and coin industry. Further, it projected gold prices to average $2,475 per ounce in the third quarter of 2024.

Source: World Gold Council, Citi Research, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-3.7	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				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-	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 Ratings, 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	12-Jun-24	No change	31-Jul-24
Eurozone	Refi Rate	4.25	06-Jun-24	Cut 25bps	N/A
UK	Bank Rate	5.25	20-Jun-24	No change	01-Aug-24
Japan	O/N Call Rate	0.10	14-Jun-24	No change	31-Jul-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	1.25	20-Jun-24	Cut 25bps	26-Sep-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-Jun-24	No change	22-Jul-24
Hong Kong	Base Rate	5.75	02-May-24	No change	N/A
Taiwan	Discount Rate	2.00	13-Jun-24	No change	19-Sep-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	12-Jun-24	No change	21-Aug-24
India	Repo Rate	6.50	07-Jun-24	No change	08-Aug-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	27-Jun-23	No change	25-Jul-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	27-Jun-24	No change	08-Aug-24
Brazil	Selic Rate	10.50	19-Jun-24	No change	N/A
Armenia	Refi Rate	8.00	11-Jun-24	Cut 25bps	30-Jul-24
Romania	Policy Rate	7.00	13-May-24	No change	05-Jul-24
Bulgaria	Base Interest	3.63	01-Jul-24	Cut 15bps	01-Aug-24
Kazakhstan	Repo Rate	14.50	31-May-24	Cut 25bps	12-Jul-24
Ukraine	Discount Rate	13.00	13-Jun-24	Cut 50bps	25-Jul-24
Russia	Refi Rate	16.00	07-Jun-24	No change	13-Sep-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