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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Debt capital markets activity up 11% to $5.4 trillion in first half of 2024

Global debt capital markets activity reached $5.4 trillion (tn) in the first half of 2024, constituting a rise of 11% from $4.9tn in the same period of 2023; while the number of new debt offerings stood at about16,000 in the first half of 2024, an increased by 6% from about 15,094 offerings in the first half of 2023. Further, financial institutions issued $2.3tn in global debt and accounted for 44.3% of the aggregate value of issued debt in the first half of 2024, followed by governments and agencies with $1.6tn (30.6% of the total), then industrials with $314.2bn (6%), and the energy and power sector with $307.8bn (5.9%), while other sectors issued the remaining $694.1m (13.3%). Also, financial institutions had 6,988 new offerings and represented 49.7% of the total number of offerings in the first half of 2024, followed by governments and agencies with 2,337 offerings (16.6% of the total), industrials with 1,654 offerings (11.8%), and the energy and power sector with 793 offerings (5.6%), while other sectors issued the remaining 2,282 debt offerings (16.2%). In addition, global investment grade corporate debt offerings totaled $2.7tn in the first half of 2024, up by 13% from the same period last year, while global high yield debt issuance reached $222.1bn in the covered period, up by 83% from the first half of 2023. In parallel, international bond offerings stood at $2.9tn in the first half of 2024, constituting an increase of 21% from the same period last year. Debt from emerging market corporate issuers totaled $169.5bn in the first half of 2024, up by 13% from the first half of 2023, with corporate debt issuers from India, Saudi Arabia, Brazil and the UAE accounting for 51% of emerging markets activity in the covered period.

Source: Refinitiv

Global trade slows down in first quarter of 2024

The United Nations Conference on Trade and Development (UNCTAD) indicated that the imports of goods to developing countries declined by 3% and imports to developed economies contracted by 5% in the first quarter of 2024 from the same quarter last year, while exports from developing and developed economies regressed by 5% and 3%, respectively, in the covered period. Imports of goods by Russia and Central Asia grew by 9% annually in the first quarter of 2024, while they declined in Europe by 12%, followed by decreases in Latin America (-8%), East Asia (-7%), Oceania (-5%), Africa (-4%), and North America, the Middle East and Southwest Asia (-2% each). In parallel, exports from Russia and Central Asia dropped by 18% in the covered period, followed by exports from Oceania (-14%), the Middle East and Southwest Asia region (-12%), Africa (-10%), East Asia and Latin America (-5% each), North America (-4%), and Europe (-2%). Trade in transport equipment grew by 15% year-on-year in the first quarter of 2024, followed by trade in road vehicles (+13%), pharmaceutical products (+4%), precision instruments (+3%), and machinery (+1%). In contrast, trade in energy products regressed by 17% in the covered period, followed by trade in clothing apparel (-11%), metals (-9%), chemical products (-8%), textiles (-5%), agri-foods, communication equipment, office equipment and other manufacturing (-4% each), and minerals (-3%).

Source: UNCTAD

MENA

Digital payments to account for 34% of e-commerce payments in 2027

Worldpay Inc., a payment processing company and technology provider, indicated that credit card payments were the leading payment method in e-commerce in the Middle East & Africa (ME&A) in 2023 and accounted for 24% of total e-commerce payments. Digital payments followed with 23% of the total, then account-to-account (A2A) payments and debit cards (18% each), cash on delivery (9%), prepaid card payments (3%), and Buy Now Pay Later (BNPL) and Pre-pay (2% each). It forecast digital payments to lead payment methods in e-commerce in the ME&A in 2027 and to represent 34% of total e-commerce payments, followed by A2A (21%), credit cards (18%), debit cards (16%), cash on delivery (5%), prepaid cards (3%), BNPL (2%), and Pre-pay (1%). In parallel, it noted that cash remains the leading payment method at points-of-sales (POS) across the ME&A region, and accounted for 35% of POS transactions in 2023. Debit card payments followed with 23% of total POS transactions, then digital payments (18%), credit cards (16%), prepaid cards (5%), and POS financing, which is credit extended to consumers at POS (3%). It projected digital payments to account for 33% of POS payment methods in the ME&A in 2027, followed by cash payments (26% of total), debit cards (19%), credit cards (14%), prepaid cards (5%), and POS financing (3%). The firm conducted the online survey in the first half of 2023 among 48,000 consumers in 40 markets that account for 88% of global GDP.

Source: Worldpay Inc.

UAE

Earnings of Abu Dhabi firms down 27%, profits of Dubai firms up 30% in first quarter of 2024

The net income of 73 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED30.2bn, or $8.2bn in the first quarter of 2024, constituting a decrease of 27.2% from AED41.5bn, or $11.3bn in the first quarter of 2023. Listed financial firms generated net profits of $2.5bn and accounted for 31% of the total earnings of publicly-listed firms in the covered period. The energy sector followed with $1.65bn (20%), then industrial firms with $1.2bn (15%), telecommunication companies with $911.6m (11.1%), utilities firms with $576.1m (7%), consumer discretionary companies with $456.7m (5.6%), basic materials firms with $387m (4.7%), real estate companies with $262.4m (3.2%), healthcare providers with $168.4m (2%), and consumer staples firms with $37.8m (0.5%). In parallel, the cumulative net income of 61 companies listed on the Dubai Financial Market that published their financials totaled AED24.25bn, or $6.6bn in the first quarter of 2024, constituting an increase of 30% from AED18.6bn or $5.1bn in the same quarter of 2023. Listed financial firms generated profits of $3.1bn, or 60.3% of net earnings in the covered period. Real estate firms followed with $1.2bn or 24% of the total, then industrial companies with $332m (6.5%), utilities firms with $267m (5.3%), telecommunications firms with $101m (2%), consumer staples companies with $71.6m (1.4%), and materials providers with $13.83m and consumer discretionary firms with $13.78m (0.3% each).

Source: KAMCO, Byblos Research

OUTLOOK

WORLD

More than 60% of economists say geopolitical factors to affect corporate decision-making

The World Economic Forum's annual survey of chief economists showed that 70% of respondents considered that the information technology and digital communications sector will be a significant driver of global growth in the next five years, 50% of participants expected the low-carbon energy industry to boost economic activity worldwide in the covered period, 48% anticipated that the medical and healthcare services sectors will support global real GDP growth in the coming five years, and 15% of respondents expected the engineering, construction and utilities industries to contribute to global economic growth in the next five years. It added that 12% of participants considered that leisure and travel, and the mining sectors will support global economic activity in the coming five years, 8% of chief economists expected the agriculture, forestry and fishing industry to drive global growth in the covered period, and 4% of respondents forecast supply chain and transport services, manufacturing, fossil-fuel energy and materials, retail and wholesale of consumer goods, as well as the financial, professional, real estate services sectors to boost global real GDP growth in the next five years.

In parallel, it indicated that 61% of chief economists agreed that the geopolitical factors will affect corporate decision-making in the remainder of 2024, while 45% of respondents considered that the overall health of the global economy will drive corporate decision-making, 32% of participants stated that domestic political factors will impact the decision-making of firms, and 31% indicated that monetary policy decisions will influence corporate decision-making. Also, it showed that 24% of surveyed economists believe that financial and labor market conditions, the regulatory environment, and supply chain conditions will affect executive decisions in the rest of 2024, while 21% considered that the companies' growth targets will drive their decisions. 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

ANGOLA

Favorable baseline outlook, risks titled to the downside

The International Monetary Fund (IMF) projected Angola's real GDP growth rate at 2.4% in 2024 and 2.8% in 2025, and indicated that the economic recovery from the 2023 shock is underway. It forecast activity in the oil sector to grow by 0.8% in 2024 and 1.1% in 2025, and for real non-oil GDP to accelerate from 2.7% in 2024 to 3.1% in 2025. It said that Angola was simultaneously hit by a decline in oil production and a rise in external debt payments in 2023. It noted that the reduced foreign currency earnings contributed to the depreciation of the exchange rate and to inflationary pressures, which reflected the need to improve monetary operations and the functioning of the foreign exchange market. It forecast the inflation rate to average 25.7% in 2024 and 16.3% in 2025. It considered that the baseline outlook is favorable with gradually improving growth, but added that the significant exposure to the oil sector creates significant risks, and called for sustained fiscal adjustment to mitigate these risks. It said that downside risks include a decline in oil production or a significant drop in global oil prices, slippages in reforming fuel subsidies, and negative spillovers from global capital markets.

It urged the authorities to build additional buffers by increasing non-oil domestic revenues, and to make further progress on public financial management and public investment reforms. It forecast the fiscal surplus at 1.3% of GDP in 2024 and 1.2% of GDP in 2025, and the public debt level at 58.5% of GDP in 2024 and 52.1% of GDP in 2025.

In parallel, the IMF called on the authorities to continue their efforts to enhance the monetary policy framework. It said that maintaining a tighter bias in monetary policy in the short-term and improving interbank liquidity management, along with a gradual move toward greater exchange rate flexibility, would help ease inflation, anchor inflation expectations, and reduce public and private sector borrowing costs. Further, it projected the current account surplus at 3.4% of GDP in 2024 and 2.2% of GDP in 2025. Also, it forecast gross foreign currency reserves at $15.1bn at the end of 2024 or 7.2 months of next year's imports, and at $15.5bn at end-2025 or 7.1 months of imports.

Source: International Monetary Fund

GHANA

Structural reforms driving favorable outlook despite downside risks

The International Monetary Fund (IMF) projected Ghana's real GDP growth rate at 3.1% in 2024 and 4.4% in 2025, and at an average of 5% during the 2026-29 period. It also forecast the real non-oil growth rate at 3% in 2024 and 4.4% in 2025, and at an average of 5% in the 2026-29 timeframe. It indicated that Ghana's performance under the IMF-supported program has been generally strong, and that the authorities' strategy to restore macroeconomic stability and reduce debt vulnerabilities is yielding results. It said that growth is proving to be more resilient than initially expected, inflation is declining at a fast pace, and the fiscal and external positions are improving. It considered that the medium-term outlook is favorable but is subject to downside risks. As such, it called for continuing the macroeconomic policy reforms to fully restore economic stability and debt sustainability.

It noted that the authorities' strong debt restructuring efforts have led to a memorandum of understanding with the Official Creditors Committee and an agreement in principle with Eurobond holders. It added that the primary fiscal balance improved by over 4% of GDP last year, and that the authorities are committed to fiscal consolidation and to post primary fiscal surpluses of 0.5% of GDP this year and 1.5% of GDP in 2025. It urged the authorities to keep the domestic revenue mobilization agenda on track and to tighten expenditure controls to avoid slippages ahead of the December 2024 general elections.

In parallel, the IMF said that the authorities took decisive steps to contain inflation and rebuild foreign reserve buffers, and called for maintaining an appropriately tight monetary stance and increasing the exchange rate's flexibility. It projected the current account deficit at 2.5% of GDP in 2024 and 2% of GDP in 2025, and forecast foreign currency reserves at $5.1bn at end-2024 and $6.85bn at end-2025, or the equivalent of 2.2 and 2.8 months of prospective imports in 2024 and 2025, respectively.

Source: International Monetary Fund

GCC

Hospitality sector revenues to reach $48.1bn by 2028

Alpen Capital projected revenues from the hospitality sector in the Gulf Cooperation Council (GCC) countries to grow from $33.4bn in 2023 to $35.5bn in 2024, $41.3bn in 2026 and $48.1bn in 2028, and to post a compound annual growth rate (CAGR) of 7.5% between 2023 and 2028. It anticipated the sector's outlook to be underpinned by the development of the hospitality sector in the GCC, including the development of leisure tourism, the restoration of existing tourism spots, the simplification of the tourist visa process, the introduction of the unified visa, and the hosting of globally significant mega events. Further, it forecast revenues from the hospitality industry in Qatar to post a CAGR of 10.9% during the 2023-28 period, followed by Kuwait (+10.5%), Bahrain and Oman (+9% each), Saudi Arabia (+7.5%), and the UAE (+6.9%). It projected Saudi Arabia's receipts from the hospitality sector at $33.6bn and to account for 70% of revenues from the hospitality industry in the GCC region in 2028 compared to a share of 70.1% in 2023, followed by the UAE with a share of 20.7% relative to 21.3% in 2023, Qatar with 3.1%, Oman with 2.8%, Bahrain with 2.5%, and Kuwait with 1.1%. Also, it projected the aggregate revenues per available room at hotels and serviced apartments in the GCC at $127 in 2028, which would constitute an increase of 18.7% from $107 in 2023. It forecast revenues per available room at $131.4 in Saudi Arabia in 2028, at $130.1 in Kuwait, at $126.8 in the UAE, at $104 in Bahrain, at $94.8 in Oman, and at $81.2 in Qatar.

Source: Alpen Capital

QATAR

Insurance sector faces intermediate industry risks

In its Insurance Industry and Country Risk Assessment, S&P Global Ratings considered that the property and casualty (P&C) insurance sector in Qatar has an "intermediate" risk level. It indicated that it derived its assessment from an "intermediate" country risk and industry risk levels for the domestic P&C insurance sector. It said that the profitable Qatari P&C sector benefits from the country's elevated economic wealth, as well as from a market structure where six of the largest national insurance companies form a local consortium, which creates high barriers to entry. But it pointed out that the significant exposure of the P&C sector to the equity and real estate asset classes could lead to earnings volatility in case of a slowdown in economic activity and a decline in share prices. Further, it noted that the assessment of the industry risk of Qatar's non-life insurance sector reflects the insurers' strong operating performance and their expected solid activity in the next two years, as well as a supportive institutional framework. It noted that the insurance industry has modest growth potential, but added that the implementation of Qatar's mandatory health coverage plan should support the sector. In addition, it indicated that the sector's revenues growth decelerated from a peak of 15% in the 2021-22 period to between 7% and 8% in 2023, and expected it to significantly drop in 2024, given that the 2021-2022 peak was linked to Qatar's hosting of the FIFA World Cup. Also, it forecast the insurers' net combined ratio, which is the ratio of incurred losses and expenses to earned premiums, at between 85% and 90% in 2024.

Source: S&P Global Ratings

EGYPT

Potential risks of reforms complacency

Barclays Capital projected Egypt's real GDP growth rate to accelerate from 3.2% in the fiscal year that ends in June 2024 to 4.2% in FY2024/25. It considered that the country's outlook has improved considerably since the announcement of several support packages, including $5bn under the International Monetary Fund's (IMF) Extended Fund Facility (EFF) and the $35bn Ras al-Hikma deal. But it noted that the generous financial support could lead to the authorities' complacency about medium-term challenges. Further, it expected the inflation rate to decrease from 32.3% in FY2023/24 to 16.7% in FY2024/25, despite the foreign currency pass-through effect and the gradual removal of subsidies. Also, it considered that the Egyptian pound has returned to a *de facto* peg with a narrow fluctuation band. It anticipated the Central Bank of Egypt (CBE) to maintain its current foreign exchange policy of limited volatility in the near term, and expected the CBE to ease its monetary policy with a cumulative cut of 600 basis points in the first half of 2025. In addition, it forecast the fiscal deficit to narrow from 11.1% of GDP in FY2023/24 to 9.5% of GDP in FY2024/25. It said that the EFF program focuses on capping public investments and on a shift towards sustained foreign currency flexibility. It added that Egypt will remain a net payer to the IMF through 2030, which points to the importance of carefully managing recent buffers for a longer period of time. It estimated the public debt level at 97.4% of GDP in FY2023/24 and 84.7% of GDP in FY2024/25, and projected the current account deficit at 5.2% of GDP in FY2023/24 and 3.4% of GDP in FY2024/25.

Source: Barclays Capital

DEM REP CONGO

Economic growth at 4.8% in 2024-28 period

The International Monetary Fund projected the real GDP growth rate of the Democratic Republic of the Congo at 4.7% in 2024 and at an average of 4.8% annually in the 2024-28 period, driven by the gradual acceleration of activity in the extractive sector and the continued expansion of major mines. It expected the inflation rate to reach 12% at end-2024, before gradually reverting to the Banque Centrale du Congo's target of 7% in the medium term. It considered that the outlook is subject to substantial downside risks that include the escalation of armed conflicts in the east of the country, additional inflationary pressures stemming from oil and food price volatility, and the intensification of regional conflicts, which could weigh on export revenues and foreign direct investments. Further, it anticipated the fiscal deficit to narrow from 1.3% of GDP in 2023 to 0.5% of GDP in 2024 and 0.4% of GDP in the 2025-26 period, driven by the improvement in revenues and the authorities' efforts to contain non-priority spending. It considered that the increase in revenues from mining activity would help ease pressures from higher public spending and investments. It considered that sustained fiscal discipline will help limit the procyclicality of expenditures, create space for investment and social spending, build resilience to shocks, and strengthen fiscal credibility in the medium term. Also, it forecast the current account deficit at 5.1% of GDP in 2024 and 4.4% of GDP in the 2025-26 period, and projected foreign currency reserves to reach 10 weeks of import coverage at end-2024 and end-2025, and 10.2 weeks of imports at end-2026.

Source: International Monetary Fund

SAUDI ARABIA

Favorable operating environment benefiting banks

Fitch Ratings considered that the operating environment of the Saudi banking sector is favorable, despite still-elevated interest rates and intense competition for funding among banks. It said that the operating environment for banks in Saudi Arabia is supported by high oil prices and continued government spending on the country's large projects and on the Vision 2030 strategy. It expected lending growth at banks to rise by 12% in 2024, which is twice the average growth rate of loans in Gulf Cooperation Council countries. It anticipated that banks will increase their appetite for lending to corporates, which will account for about 60% of new loan origination in 2024. Further, it noted that high deposits growth in recent years has accelerated competition among banks for liquidity, as these funds were in the form of expensive term deposits, despite the rise in the deposits of government-related entities (GRE) between July 2023 and March 2024. It indicated that the GRE deposits accounted for an all-time high of 32% of the sector's aggregate deposits, and expected them to continue to increase in the near term. But it pointed out that high GRE deposits will further dilute the proportion of current and savings accounts deposits out of total deposits, which will keep the Saudi banks' average net financing margin at 3.2%. In addition, it stated that the average impaired loans ratio reached 1.5% in the first quarter of 2024, down by 20 basis points (bps) from the first quarter of 2023, and that the cost of risk was 40 bps in the first quarter of this year. Also, it said that the banks' average common equity Tier One capital ratio stood at 16% amid higher profitability.

Source: Fitch Ratings

JORDAN

Capital adequacy ratio at 17.9%, NPLs at 5.1% at end-2023

The International Monetary Fund (IMF) indicated that the banking sector in Jordan is well capitalized profitable, and liquid. It said that the sector's capital adequacy ratio reached 17.9% at the end of 2023, constituting an increase from 17.3% at end-2022, well above the minimum regulatory requirement of 12%. Further, it noted that the sector's liquid assets increased from 138% of total assets at end-2022 to 142.5% of assets at end-2023. It pointed out that the non-performing loans (NPLs) ratio has increased from 4.5% at end-2022 to 5.1% at end-2023, and that provisions have decreased from 81.5% of total classified loans at end-2022 to 75.7% at end-2023. It noted that the NPLs ratios at banks have remained broadly stable and relatively low, despite a slight uptick in 2023 due to the slowdown in economic activity. It indicated that the Central Bank of Jordan (CBJ) will continue its close monitoring of the banks' asset quality by ensuring the sustained application of prudent accounting, reporting, and provisioning standards. In addition, it stated that the banks' return on assets slightly improved from 1% in 2022 to 1.1% in 2023. In parallel, it urged the CBJ to continue to adjust its policy rates as needed to support the exchange rate peg and make sure that reserve buffers remain adequate. The IMF called on the CBJ to continue to closely monitor the banks' financial health and to further strengthen the oversight of the financial sector in line with the recommendations of the 2023 Financial System Stability Assessment.

Source: International Monetary Fund

NIGERIA

Agency takes rating actions on banks

Fitch Ratings upgraded the long- and short-term Issuer Default Ratings (IDRs) of Coronation Merchant Bank (CMB) from 'CC' and 'C', to 'B-' and 'B', respectively. It also affirmed the long- and short-term IDRs of Bank of Industry (BoI), Fidelity Bank (FB), and First City Monument Bank (FCMB) at 'B-' and 'B', respectively. It maintained the 'positive' outlook on the long-term ratings of BoI, assigned a 'stable' outlook of the IDR of CMB, revised the outlook from 'stable' to 'positive' on the long-term IDR of FB, and changed the outlook from 'negative' to 'stable' on the rating of FCMB. Further, it upgraded the viability rating (VR) of CMB from 'cc' to 'b-' and maintained the VRs of FB and FCMB at 'b-'. It indicated that the IDRs of CMB, FB, and, FCMB are supported by their stable standalone creditworthiness, while their VRs reflect high credit concentrations and the fact that the majority of their operations are in Nigeria's challenging environment. Also, it said that the ratings of BoI are supported by the bank's improved asset quality metrics, stable profitability, and solid capital ratios. It pointed out that the upgrade of CMB's ratings reflect the strong improvement in the bank's capital position. It indicated that the outlook revision on FB's IDR takes into account the agency's expectations that the bank's capitalization will strengthen in the near term. Also, it said that the ratings of FCMB are supported by its healthy liquidity coverage, and are constrained by the bank's moderate franchise, weak profitability and thin capital buffers.

Source: Fitch Ratings

MOROCCO

Banks' ratings benefit from stable funding and liquidity

In its periodic review of the ratings of four Moroccan banks, Moody's Ratings indicated that the 'Ba1' long-term deposit ratings of Attijariwafa Bank (Attijariwafa), Groupe Banque Centrale Populaire (GBCP), and Bank of Africa (BOA), as well as the 'Ba2' long-term deposit rating of Crédit du Maroc (CdM) benefit from a very high probability of government support in case of need. It said that the ratings of Attijariwafa and GBCP are supported by their standalone creditworthiness. Further, it pointed out the 'ba3' Baseline Credit Assessment (BCA) of CdM is balanced by the bank's recovering profitability, sound capitalization and adequate liquidity buffers, against the bank's weak asset quality and elevated credit concentration. Also, it stated that Attijariwafa's BCA of 'ba3' captures the bank's solid profitability, and robust liquidity and funding profiles. It indicated that the outlook on Attijariwafa's long-term deposit ratings is 'stable', reflecting the agency's expectation that the bank will continue to benefit from high interest rates in Morocco and from improving operating conditions in foreign markets. Further, it noted that BOA's 'b1' BCA balances the bank's sound profitability, stable deposit-based funding and strong liquidity buffers, with its modest capital buffers and weak asset quality. Also, it said that the 'b1' BCA of GBCP reflects the bank's stable funding base, strong liquidity buffers, and sound profitability metrics. It added that the outlook on GBCP's ratings remains 'stable', reflecting the agency's expectation that the bank's good financial metrics will balance the risks from credit concentrations, exposure to Sub-Saharan Africa and modest capitalization.

Source: Moody's Ratings

ENERGY / COMMODITIES

Oil prices to average $88 p/b in third quarter of 2024

ICE Brent crude oil front-month prices stood at $87.4 per barrel (p/b) on July 4, 2024, reaching their highest levels since April 30, 2024, due to a decline in U.S. inventories and to concerns about rising geopolitical tensions in the Middle East. Also, oil prices decreased to $84.7 p/b on July 9, 2024, as oil production and refining appears to have avoided substantial damage from tropical storm Beryl in the Gulf Coast of the U.S. But oil prices remained elevated and stood at $85 p/b on July 10, 2024, driven by the additional drop in U.S. stockpiles and by expectations from the OPEC+ coalition of solid oil demand, supported by strong global economic growth this year. In parallel, Goldman Sachs forecast oil prices to average $86 p/b in the third quarter of 2024, driven by a decline in commercial oil stocks at OECD countries and the current wildfires in Alberta that are disrupting Canadian oil production. In addition, the U.S. Energy Information Administration (EIA) projected oil prices to increase from an average of $82 p/b in June 2024 to $89 p/b for the remainder of 2024, as it expected OPEC+ members to produce less crude oil than announced during the rest of the forecast period, which will reduce global oil inventories through mid-2025 and keep OECD inventories at lower levels. But it anticipated that the market will gradually return to a moderate increase in inventories in 2025 after the expiration of the voluntary OPEC+ supply cuts and after supply growth from non-OPEC+ producers begins to offset the increase in global oil demand. Further, the EIA projected oil prices to average $88 p/b in the third quarter of 2024.

Source: Goldman Sachs, EIA, Refinitiv, Byblos Research

OPEC's oil basket price down 0.4% in June 2024

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $83.22 per barrel (p/b) in June 2024, constituting a decrease of 0.4% from $83.59 p/b in May 2024. The price of Saudi Arabia's Arab Light was $85.3 p/b, followed by Kuwait's Kuwait Export at $84.9 p/b and Iran's Iran Heavy at $83.65 p/b. Four out of 12 prices in the OPEC basket increased by $0.4 p/b to $0.58 p/b in June 2024, while the remaining prices decreased by $0.12 p/b to $1.59 p/b.

Source: OPEC

Algeria's crude oil production down 9.2% annually in April 2024

Crude oil production in Algeria totaled 907,000 barrels per day (b/d) in April 2024, nearly unchanged from 906,000 b/d in February2024 and constituting a decrease of 9.2% from 999,000 b/d in April 2023. Further, aggregate total crude oil exports from Algeria stood at 731,000 b/d in April 2024, up by 16.2% from 629,000 b/d in February 2024 and by 6% from 690,000 b/d in April 2023.

Source: JODI, Byblos Research

OPEC oil output nearly unchanged in June 2024

Member countries of the Organization of the Petroleum Exporting Countries (OPEC), based on secondary sources, produced an average of 26.57 million barrels of oil per day (b/d) in June 2024, constituting a decrease of 0.3% from 26.65 million b/d in May 2024. On a country basis, Saudi Arabia produced 8.9 million b/d, or 33.6% of OPEC's total output, followed by Iraq with 4.2 million b/d (15.8%), Iran with 3.25 million b/d (12.2%), the UAE with 2.9 million b/d (11%), and Kuwait with 2.4 million b/d (9.1%).

Source: OPEC

Base Metals: Aluminum prices to average $2,550 per ton in third quarter of 2024

The LME cash price of aluminum averaged $2,369.1 per ton in the year-to-July 10, 2024 period, constituting an increase of 2% from an average of $2,322 a ton in the same period last year, due to increasing global demand for aluminum. Further, aluminum prices reached a high of $2,721.1 per ton on May 29, 2024 following the ban from the London Metal Exchange on Russian metal exports and due to expectations of increased demand for non-ferrous metals due to the energy transition. In parallel, Citi Research projected the primary supply of aluminum at 72 million tons in 2024, which would constitute a rise of 2% from 70.7 million tons in 2023. Also, it forecast the primary demand for the metal at 71.9 million tons this year, which would represent an increase of 2.7% from 70 million tons in 2023. In its base case scenario, it expected the price of the metal to average $2,550 per ton in the third quarter of 2024, driven by lower demand from the world ex-China, amid further weakening in industrial activity worldwide. Also, it anticipated aluminum prices to surge to $3,000 per ton in the next 12 to 18 month given the strong potential for substituting copper with aluminum in the coming years. Further, in its bear case scenario, it forecast aluminum prices to average $2,400 per ton this year in case of lower demand from China; while in its bull case scenario it projected aluminum prices to rise to $2,900 per ton in 2024, driven by expectations of production disruptions of the metal and tight raw material supply that is used to in the production of refined aluminum. Also, it forecast silver prices to average $2,550 per ton in the third quarter of 2024, with a low of $2,350 a ton and a high of $2,800 per ton in the covered quarter.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Silver prices to average $32 per ounce in third quarter of 2024

Silver prices averaged $26.3 per troy ounce in the year-to-July 10, 2024 period, constituting an increase of 12.8% from an average of $23.4 an ounce in the same period of 2023. The increase in prices was due mainly to elevated industrial demand for the metal, to expectations of policy rate cuts by the U.S. Federal Reserve that would result in a weaker US dollar and increase demand for silver, as well as to rising geopolitical tensions. Further, prices peaked at $32 per ounce on May 20, 2024 amid supply deficits and increased demand for the metal in the investment and industrial sectors. In parallel, Citi Research projected the global supply of silver at 1,041 million ounces in 2024 relative to 1,000 million ounces last year, with mine output representing 80.8% of the total. Further, it forecast demand for the metal at 1,228 million ounces in 2024 compared to 1,211 million ounces in 2023. In its base case scenario, it expected the price of the metal to rise towards $38 per ounce in the next 12 months, as it anticipated elevated demand from the electric vehicle and renewable energy sectors. Further, in its bear case scenario, it projected silver prices to decline to $18 per ounce by the end of 2025 due to elevated real interest rates in the U.S., to the substantial weakening of demand from China and India, and to lower demand from the photovoltaic market and the automotive sector. However, in its bull case scenario, it expected silver prices to rise to $45 per ounce by end-2025, in case of a decline in U.S. real interest rates, a deeper-than-expected economic slowdown in the U.S. and the European Union, and a strong recovery in silver imports by India. Also, it forecast silver prices to average $32 per ounce in the third quarter of 2024.

Source: Citi Research, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-3.7	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	Positive	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-	-								
	Positive	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+	Ba3	BB-	BB-								
	Stable	Stable	Stable	Stable	-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- 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 Ratings, CI Ratings, Byblos Research - The above figures are projections for 2024

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	5.50	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	10-Jul-24	No change	14-Aug-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	11-Jul-24	No change	22-Aug-24
Malaysia	O/N Policy Rate	3.00	11-Jul-24	No change	05-Sep-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	6.75	05-Jul-24	Cut 25bps	07-Aug-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