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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Merchandise trade to increase by 2.6% in 2024

The World Trade Organization projected the volume of global merchandise trade to grow by 2.6% in 2024 relative to a contraction of 1.2% in 2023. It forecast the volume of merchandise exports from the Commonwealth of Independent States (CIS) and Africa to rise by 5.3% each in 2024, followed by an increase in exports from North America (+3.6%), the Middle East (+3.5%), Asia (+3.4%), South America (+2.6%), and Europe (+1.7%). In parallel, it expected the volume of merchandise imports to Asia to increase by 5.6% in 2024, followed by imports to Africa (+4.4%), South America (+2.7%), the Middle East (+1.2%), North America (+1%), and Europe (+0.1%). But it projected the volume of merchandise imports to the CIS to decrease by 3.8% this year. In addition, it forecast the volume of merchandise exports from least developed countries to increase by 2.7% in 2024 compared to a growth rate of 4.1% in 2023, and expected the volume of merchandise imports to these economies to grow by 6% this year relative to a contraction of 3.5% in 2023. Moreover, it expected the volume of global merchandise trade to grow by 3.3% in 2025, as well as for the volume of merchandise exports from least developed countries to increase by 4.2% and the volume of merchandise imports to these economies to rise by 6.8% next year.

Source: World Trade Organization

EMERGING MARKETS

Venture capital funding at $3.5bn in first half of 2024

Figures released by online platform Magnitt show that venture capital (VC) funding in emerging markets (EM), which consist of the Middle East, Africa, South East Asia, Türkiye and Pakistan, reached $3.47bn in the first half of 2024, representing a decrease of 72.4% from $12.55bn in full year 2023. VC funding stood at $1.55bn in the first quarter and $1.9bn in the second quarter of 2024. Also, VC investments in South East Asia totaled $2.2bn in the first half of 2024, or 63.7% of the total, followed by VC funding the Middle East with $665m (19.2%), Africa with $393m (11.3%), Türkiye with $200m (5.8%), and Pakistan with $3m (0.1%). Further, there were 618 VC deals in the covered regions in the first half of 2024, constituting a drop of 66% from 1,816 investments in full year 2023. VC deals totaled 370 in the first quarter and 248 transactions in the second quarter of 2024. Also, there were 235 VC deals in South East Asia in the first half of 2024, accounting for 38% of the total, followed by 173 transactions in the Middle East (28%), 119 new deals in Africa (29.3%), 86 investments in Türkiye (14%), and five deals in Pakistan (0.8%). In parallel, the fintech sector was the recipient of $1.1bn, or 31.6% of aggregate VC investments in the first half of 2024. The e-commerce and retail sector followed with $601m of VC funding (17.3% of total), then the IT solutions industry with $321m (9.3%), the gaming sector with $223m (6.4%), and the manufacturing industry with $204m (5.9%). Further, there were 37 VC exits in the first half of 2024 compared to 38 exits in full year 2023, with the Middle East, Türkiye and Pakistan accounting for 15 exits in the covered period.

Source: Magnitt, Byblos Research

MENA

Gender gap varies across region

The World Economic Forum ranked the United Arab Emirates in 74th place among 146 countries globally and in first place among 13 Arab economies on its Global Gender Gap Index for 2024. Tunisia followed in 115th place, then Bahrain (116th), Jordan (123rd) and Saudi Arabia (126th), as the five Arab economies with the narrowest gender gaps. In contrast, Egypt (135th), Oman (136th), Morocco (137th), Algeria (139th), and Sudan (146th) are the five Arab countries with the widest gender gaps in the region. The index captures the magnitude and scope of gender-based disparities in each country and to track their progress over time. It is based on four sub-indices that measure Economic Participation & Opportunity, Educational Attainment, Health & Survival, and Political Empowerment. The survey shows that the Arab region has the second widest gender gap in the world, as the region closed 64% of its gender gap, which is higher than the average score of 63.7% for South Asia, but below the average scores of all other regions worldwide. The score of one Arab country regressed, that of one Arab economy was unchanged, and the scores of all the other Arab countries increased from the 2023 index. Also, the rankings of six Arab countries improved and those of six Arab economies deteriorated from the preceding index. In parallel, Bahrain ranked in first place among Arab countries on the Economic Participation & Opportunity Sub-Index, and Jordan came first on the Educational Attainment Sub-Index. Also, Lebanon ranked first on the Health & Survival Sub-Index, while the UAE came first on the Political Attainment Sub-Index.

Source: World Economic Forum, Byblos Research

GCC

Fixed income issuance up 92% to $114bn in first half of 2024

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $114bn in the first half of 2024, constituting an increase of 91.6% from $59.5bn in the same period of 2023. Fixed income issuance in the first half of the year consisted of $35.4bn in sovereign sukuk, or 31% of the total, followed by $31.9bn in corporate bonds (28%), $26.8bn in sovereign bonds (23.5%), and $19.9bn in corporate sukuk (17.5%). Further, aggregate bonds and sukuk issued by sovereigns in the GCC stood at $62.2bn in the first half of 2024, or 54.6% of fixed income output in the region; while issuance by GCC corporates reached $51.8bn, or 45.4% of the total. GCC sovereigns issued $30.5bn in bonds and sukuk in January, $2.3bn in February, $2bn in March, $13.1bn in April, $8.5bn in May, and $5.8bn in June 2024. Also, companies in the GCC issued $13.4bn in bonds and sukuk in January, $8.6bn in February, $10.5bn in March, $4.6bn in April, $7.9bn in May, and $6.8bn in June 2024. In parallel, corporate output in June 2024 included $1.25bn in bonds and $400m in sukuk issued by companies in the UAE, $1bn in bonds issued by firms based in Bahrain, $927.4m in bonds issued by companies in Saudi Arabia, $500m in bonds issued by firms in Kuwait, $250m in bonds issued by companies in Qatar, and $103.9m in bonds issued by firms in Oman. Also, sovereign proceeds in the covered month consisted of $5bn in sukuk and $219.3m in bonds that Saudi Arabia issued, and $576m in sukuk issued by Qatar.

Source: KAMCO, Byblos Research

OUTLOOK

EGYPT

Economy facing challenging environment

Deutsche Bank projected Egypt's real GDP growth rate to decelerate from 3.8% in the fiscal year that ended in June 2023 to 2.9% in FY2023/24 amid a challenging macroeconomic environment and a significant deterioration of activity in the natural gas sector. But it expected economic activity to pick-up to 4.3% in FY2024/25, driven by the implementation of reforms and by a rebound in investments and consumer spending. It considered that geopolitical developments constitute the main risk to the economic outlook amid the ongoing war in the Gaza Strip and the persistent attacks on shipments in the Red Sea. Further, it expected the inflation rate to decelerate from 33.8% in FY2022/23 to 26.9% in FY2023/24 and 13.4% in FY2024/25 following the unification of the multiple exchange rates and the implementation of price controls.

In addition, it projected the government's fiscal deficit to narrow from 6% of GDP in FY2022/23 to 4.6% of GDP in FY2023/24 on the back of one-off revenues from the Ras al-Hikma deal, although debt-servicing costs remain elevated. But it forecast the fiscal deficit to widen to 7.2% of GDP in FY2024/25 as the impact of the Ras al-Hikma deal dissipates. It considered that the fiscal outlook is subject to risks related to financial conditions in the country and the implementation of reforms, such as fiscal consolidation, the clearance of the imports backlog and of external arrears, the privatization of stated-owned enterprises, and the maintenance of a flexible exchange rate regime.

Also, the bank anticipated the current account deficit to widen from 1.2% of GDP in FY2022/23 to 5.3% of GDP in FY2023/24, driven mainly by a decline in hydrocarbon exports and ongoing geopolitical tensions. But it projected the deficit to narrow to 2.4% of GDP in FY2024/25, supported by an increase in remittance inflows, the rebound of the tourism sector, a potential recovery of traffic in the Suez Canal, and elevated receipts from the export of gas.

Source: Deutsche Bank

ALGERIA

Positive economic outlook amid limited risks

BNP Paribas projected Algeria's real GDP growth rate at 3.8% in 2024 and 3.1% in 2025, driven mainly by the development of the gas sector and the significant increase in public spending as stated in the budget law of 2024. It added that this should help Algeria post one of the highest economic growth rates in the region, despite the extension of the OPEC+ coalition's oil output cuts until the end of the year. It noted that the outlook for 2024 is favorable, given the contained risks of macroeconomic instability in the short term, amid Algeria's low exposure to disturbances in the Red Sea. Further, it expected the inflation rate to decrease from 93% in 2023 to 5.7% in 2024 and 5% in 2025 due to the easing in food prices.

In addition, it considered that Algeria's external accounts and public finances remain sufficiently strong to protect the country from any downturn in global energy prices in the short term. But it forecast the fiscal deficit to widen from 3% of GDP in 2023 to 6.9% of GDP in 2024 and 7.2% of GDP in 2025. It expected public spending to rise by 20% in 2024, similar to the previous two years, since the authorities adopted an expansionary policy stance since 2022. It considered that diversifying the economy remains essential for the macroeconomic outlook, as public finances have become increasingly vulnerable to fluctuations in hydrocarbon revenues. It added that the risk of the government returning to unconventional financing strategies would result in the widening of budget deficits in the near term. Also, it projected the public debt level at 47.5% of GDP in 2024 and 47.9% of GDP in 2025.

Further, it expected the current account surplus to decrease from 2.3% of GDP in 2023 to 1.4% of GDP in 2024 driven by a surge in imports. It said that the strategy that the authorities adopted in recent years to limit imports and encourage local production reached its limits. As such, it forecast the current account balance to shit to a deficit of 1.2% of GDP in 2025. Also, it anticipated foreign currency reserves at $75bn, or 15.4 months of imports at end-2024 and at $74bn, or 14 months of imports at end-2025.

Source: BNP Paribas

IRAQ

Economy to post twin surpluses despite economic challenges

Standard Chartered Bank projected Iraq's real GDP growth rate to accelerate from 2.5% in 2024 to 4% in each of 2025 and 2026, although it expected the economic outlook to remain subdued given the extension of the OPEC+ production cuts. It said that Iraq is exploring importing gas from Jordan, Turkmenistan, and neighboring Arab countries to reduce its reliance on gas imports from Iran in the short term. Also, it considered geopolitical risks, potential social unrest across the country, and continued political volatility with Muqtada al-Sadr's potential return in the 2025 parliamentary elections to weigh on domestic security. In addition, it forecast the average inflation rate to remain stable at 3.5% in the 2024-26 period, as it expected disinflation to persist amid the narrowing spread between the official and parallel market exchange rates of the US dollar. But it anticipated food inflation to remain high due to elevated imports and domestic agricultural challenges. Also, it considered that the Central Bank of Iraq's (CBI) introduction of two-week Treasury-bills auctions, along with earlier monetary policy tightening, will support disinflation.

In parallel, it projected the fiscal balance at 0% of GDP in 2024 and expected it to post surpluses of 1.5% of GDP in 2025 and 1% of GDP in 2026. It expected the non-hydrocarbon sector to benefit from the expansionary fiscal policy, given that investments in infrastructure, current expenditures, and public sector wages will increase. Also, it forecast the current account surplus at 4.5% of GDP in each of 2024 and 2025, and at 5.5% of GDP in 2026. Further, it noted that downside pressure on oil prices constitutes the key risk to the stability of the Iraqi dinar's peg to the US dollar. However, it pointed out that the spread between the official and parallel market exchange rates persists, despite the recovery in the CBI's foreign currency auction volumes and the accumulation of foreign currency reserves. It added that the access of the private sector to foreign currency for intentional transactions has normalized, following the adoption of a cross-border payment platform.

Source: Standard Chartered Bank

UAE

Sovereign rating affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the short- and long-term foreign and local currency ratings of the United Arab Emirates at 'A1+' and 'AA-', respectively, and maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings reflect the strength of the UAE's consolidated fiscal and external positions. It noted that the ratings are supported by a stable political environment, the government's continuous efforts to diversify the economy and to improve the consolidated budget structure, an elevated GDP per capita, as well as by a sound banking sector. It added that the ratings reflect the agency's expectations that the Emirate of Abu Dhabi will support federal institutions in case of need. Also, it stated that the 'stable' outlook balances the country's solid net external asset position against continued reliance on hydrocarbon exports, amid elevated financing risks of government-related entities. It pointed out that the ratings are constrained by the high dependence of the economy on hydrocarbon revenues, budget rigidities, as well as by elevated geopolitical uncertainties due to the wars in the Gaza Strip and in Yemen, as well as to continued tensions between Iran and Gulf Cooperation Council countries. In parallel, the agency noted that it may upgrade the ratings if the authorities continue to implement structural reforms that would reduce the economy's reliance on oil exports and improve the institutional framework and data disclosure, or if geopolitical tensions recede. But it pointed out that it could downgrade the ratings if geopolitical tensions worsen to a level that affects the flow of hydrocarbons from the region, or in case public and external finances deteriorate.

Source: Capital Intelligence Ratings

QATAR

Credit profile supported by a strong balance sheet

In its periodic review of Qatar's credit profile, Moody's Ratings indicated that the sovereign's long-term issuer ratings of 'Aa2', are supported by the country's massive hydrocarbon reserves, very high per-capita income and the government's robust balance sheet, which provide significant shock absorption capacity. It said that these strengths mitigate Qatar's high economic and fiscal exposure to cyclical declines in hydrocarbon demand and prices, and risks arising from regional geopolitical tensions. Further, it noted that the economic strength score of 'a1' reflects the economy's heavy dependence in the hydrocarbon sector, which is mitigated by Qatar's highly competitive position in the global liquefied natural gas market. It indicated that the institutions and governance strength score of 'a2', takes into account the country's robust institutional framework and its track record of effective macroeconomic and fiscal policy implementation, which are counterbalanced by some transparency shortcomings. It stated that the 'aaa' fiscal strength assessment reflects the government's moderate and declining debt burden, strong debt affordability, and robust government financial assets that support the country's debt sustainability. It added that the 'ba' susceptibility to event risk score is primarily driven by its exposure to regional geopolitical risks. In addition, it indicated that the 'stable' outlook balances the risk of a material fiscal deterioration if hydrocarbon demand and prices decline significantly, against the upside risk of faster progress on economic and fiscal diversification.

Source: Moody's Ratings

PAKISTAN

Agreement with IMF to support fiscal and external buffers

The International Monetary Fund (IMF) indicated that it has reached a staff-level agreement on a 37-month Extended Fund Facility Arrangement (EFF) of $7bn with the Pakistani authorities. It noted that the new program aims to support the authorities' efforts to reinforce macroeconomic stability and create conditions for a stronger, more inclusive, and resilient growth. It also stressed the importance of strengthening fiscal and monetary policy and of implementing reforms to broaden the tax base, improve the management of state-owned enterprises, attract investments, enhance human capital, and scale up social protection. It added that the continued strong financial support from Pakistan's development and bilateral partners will be critical for the new IMF program to achieve its objectives. Further, it noted that the authorities are planning to increase tax revenues by the equivalent of 1.5% of GDP in the fiscal year that ends in June 2025 and 3% of GDP over the period of the program. Also, it pointed out that the authorities remain committed to undertaking targeted subsidy reforms, and stressed the need to restore the viability of the energy sector and minimize fiscal risks through the timely adjustment of energy tariffs, decisive cost-reducing reforms, and refraining from further unnecessary expansion of generation capacity. In addition, it said that the State Bank of Pakistan (SBP) will continue to support disinflation, which will help protect real incomes. It added that the SBP aims to maintain a flexible exchange rate, and improve the functioning of the foreign exchange market and the transparency of foreign currency operations to mitigate against shocks and build foreign currency reserves.

Source: International Monetary Fund

MOROCCO

Challenging outlook for fiscal consolidation

Fitch Ratings projected Morocco's fiscal deficit to narrow from 4.3% of GDP in 2023 to 3.4% of GDP by 2026. But it considered that the authorities will face challenges to achieve more significant fiscal consolidation in the long term without sustainable tax mobilization. It forecast public expenditures to average 25.7% of GDP in the 2024-26 period, compared to 26.4% in 2023, and for capital expenditures to be lower than in 2023, as reconstruction costs associated with Morocco's earthquake of 2023 decrease. It also forecast subsidy spending to decrease, as it expected subsidies on gas an on other products to be rolled back. But it noted that there is a risk that further external shocks could constrain the government’s willingness to lift subsidies, which could threaten fiscal consolidation. Further, it anticipated public revenues to average 21.9% of GDP in the 2024-26 period, down from 22.2% of GDP in 2023, with tax receipts decreasing by about 0.5 percentage points of GDP from 2023 levels. But it forecast the government to raise the share of revenues derived from "innovative financings" to 2.1% of GDP in the 2024-26 period, given that the government has used these receipts, which generally involve the sale and lease-back of state assets, to enhance revenues since 2019. As such, it considered that the reliance on more sustainable revenue sources would make fiscal consolidation more sustainable, and expected the public debt level to decrease marginally from 70.2% of GDP in 2024 to 69.7% of GDP by 2026.

Source: Fitch Ratings

ANGOLA

Banking sector's liquidity at 35.6% of assets at end-2023

The International Monetary Fund indicated that banks in Angola are well capitalized and profitable. It noted that the sector's capital adequacy ratio rose from 28.4% at the end of 2022 to 30.3% at end-2023. But it said that contingent fiscal liabilities remain and include potential support to the Deposit Protection Fund, as well as the Banco Nacional de Angola's (BNA's) impaired exposures to the banks. In addition, the IMF noted that the sector's non-performing loans ratio increased from 14.4% at the end of 2022 to 15.9% at end-2023, and that they are fully provisioned. It indicated that the relatively small loan portfolio, which accounts for 26% of assets at end-2023, and restrictions on lending in foreign currency have helped contain credit risks. But it noted that most of the banks' net open foreign currency positions turned negative in 2023, which increased the risk from an additional depreciation of the local currency. Further, it stated that the banks' liquid assets accounted for 35.6% of total assets and that their liquid assets stood at 44.4% of short term liabilities at the end of 2023. It added that the banks' loans-to-deposits ratio increased from 34.4% at end-2022 to 35.6% at end-2023. It said that the sector's return on assets increased from 2.7% in 2022 to 4.2% in 2023, while its return on equity grew from 22.1% in 2022 to 30.4% in 2023. In parallel, it noted that the BNA has made progress in implementing new frameworks for the supervision and resolution of banks, and urged it to carry out decisively the resolution or liquidation of problem banks, as necessary, while protecting small depositors and minimizing the costs to taxpayers.

Source: International Monetary Fund

DEM REP CONGO

Capital adequacy ratio at 13.2% at end-2023

The International Monetary Fund indicated that the profitability of the Congolese banking sector improved in 2023, driven by higher interest rates on foreign currency loans. It noted that the sector's return on assets increased from 2.2% in 2022 to 3.5% in 2023, while its return on equity grew from 24.7% in 2022 to 39% in 2023. Further, it said that deposits in foreign currency increased by 11.6%, while those in local currency declined by 36% in 2023. It added that the banks' credit to the central government decreased by 9%, while lending to the private sector surged by 30% in dollar terms in 2023. As such, it pointed out that the dollarization rate of the financial sector increased from 84% in 2022 to 90% in 2023 for loans, and from 94% to 96% in 2023 for deposits. Also, it indicated that the sector's non-performing loans ratio decreased from 7.4% at end-2022 to 6.6% at end-2023 after reaching a high of 9.2% at end-March 2022 following the reinstatement of credit quality rules in December 2021. In addition, it noted that the sector's capital adequacy ratio stood at 13.2% at the end of 2023 compared to 12.1% at end-2022; while its Tier One capital ratio was 11.1% at end-2023 relative to 9.9% at end-2022. In parallel, it stated that the banks' liquid assets were equivalent to 19.9% of total assets at end-2023 relative to 21.1% at end-2022. It said that the Banque Centrale du Congo intends to continue reducing the excess liquidity in the banking sector by rasing the rates on Treasury bills and, if necessary, by increasing the reserve requirement ratio on demand deposits in the national currency.

Source: International Monetary Fund

UAE

Agency takes rating action on banks

Capital Intelligence Ratings affirmed the long-term foreign currency rating of First Abu Dhabi Bank (FADB) at 'AA-', the rating of Mashreqbank at 'A' and those of Commercial Bank of Dubai (CBD) and Sharjah Islamic Bank (SIB) at 'A-'. Also, it upgraded the long-term foreign currency rating of United Arab Bank (UAB) from 'BBB' to 'BBB+', due to the improvement in the bank's key financial fundamentals in the past two years. Further, it affirmed the Bank Standalone Rating (BSR) of FADB at 'a-', the BSRs of Mashreqbank and CBD at 'bbb', and that of SIB at 'bbb', while it revised the BSR of UAB from 'bb+' to 'bbb-'. Also, it revised the outlook on the long-term rating and the BSR of UAB from 'positive' to 'stable', and maintained the 'stable' outlook on the long-term foreign currency ratings and BSRs of the other banks. It pointed out that the ratings of the five banks are supported by their sound capital ratios and comfortable liquidity metrics. Itt noted that the ratings of Mashreqbank, CBD, SIB, and UAB are underpinned by their improving profitability, while the rating of FADB reflects the bank's key profitability ratios that are not as strong as those of its peers. It added that the ratings of FADB, Mashreqbank, CBD, and UAB reflect their sound asset quality.

Source: Capital Intelligence Ratings

IRAN

FATF urges Tehran to complete action plan

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), declared in June 2024 that Iran will remain on its list of "High Risk Jurisdictions Subject to a Call for Action" until the authorities implement their action plan to address the country's significant AML/CFT deficiencies in full. It said that Iran committed in June 2016 to address its strategic deficiencies, but noted that the country has not completed its action plan since then. Further, the FATF lifted in full in February 2020 the suspension of counter-measures that international financial institutions use against Iran, since the latter failed to enact the Palermo and Terrorist Financing Conventions. It also called on its members and urged all jurisdictions to apply effective counter measures to risks emanating from the country. In parallel, it pointed out that, in case Iran ratifies the Palermo and Terrorist Financing conventions, the FATF will decide on the next steps, including whether to suspend counter measures. It stated that it will continue to be concerned about terrorism financing risks until Tehran implements the required measures to address the CFT deficiencies identified in its action plan. As such, the FATF noted that Iran should adequately criminalize terrorist financing; identify and freeze terrorist assets in line with the relevant UN Security Council resolutions; ensure an adequate and enforceable customer due diligence regime; demonstrate how authorities are identifying and sanctioning unlicensed money/value transfer service providers; ratify and implement the Palermo and TF conventions and clarify the capability to provide mutual legal assistance; and make sure that financial institutions verify that wire transfers contain complete originator and beneficiary information.

Source: Financial Action Task Force

ENERGY / COMMODITIES

Oil prices to average $85.1 p/b in third quarter of 2024

ICE Brent crude oil front-month prices reached $83.7 per barrel (p/b) on July 16, 2024, constituting a decrease of 4.2% of a recent high of $87.4 p/b on July 4, 2024, driven by concerns about a slowdown in economic activity in China, which is likely to reduce oil demand. In parallel, the International Energy Agency indicated that global oil demand continue to decrease, as Chinese consumption recently contracted. As such, it expected global oil demand to grow by 970,000 barrels per day (b/d) in 2024 and by 980,000 b/d in 2025. Further, it forecast global oil supply to rise by 770,000 b/d in the third quarter of 2024 and expected non-OPEC+ producers to deliver 600,000 b/d in the covered quarter. Also, it anticipated global oil output to rise by 770,000 b/d in 2024, which will boost oil supply to a record high of 103 million b/d. It expected non-OPEC+ output to rise by 1.5 million b/d and for OPEC+ production to fall by 740,000 b/d year-on-year, in case the OPEC+ coalition maintains its existing voluntary cuts. As such, it considered that non-OECD producers will account for all of this year's global gains from oil exports. Further, it projected global oil supply to increase by 1.8 million b/d, with the U.S., Canada, Guyana and Brazil adding 1.5 million b/d in output. Also, it forecast global refinery output to rise by 950,000 b/d to 83.4 million b/d in 2024, and by 630,000 b/d to 84 million b/d next year. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 44 industry analysts, to average $85.1 p/b in the third quarter of 2024.

Source: International Energy Agency, Refinitiv, Byblos Research

ME&A's oil demand to grow by 3% in 2024

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.45 million barrels per day (b/d) in 2024, which would constitute an increase of 2.8% from 13.09 million b/d in 2023. The region's demand for oil would represent 23% of consumption in non-OECD countries and 13% of global consumption in 2024.

Source: OPEC

Global gold reserves up 1% to 32,127 tons at end-March 2024

Global gold reserves reached 32,127.4 tons at end-March 2024, constituting a rise of 1.2% from 31,732.3 tons at end-March 2023. Western Europe held 11,774.2 tons in gold reserves at end-March 2024 and accounted for 36.6% of such reserves worldwide, followed by North America with 8,133.5 tons (25.3%), Central and Eastern Europe with 3,706 tons (11.5%), East Asia with 3,643.4 tons (11.3%), the Middle East and North Africa with 1,586.2 tons (4.9%), South Asia with 909.5 tons (2.8%), South East Asia with 799.6 tons (2.5%), Central Asia with 723.4 tons (2.3%), Latin America and the Caribbean with 599.6 tons (2%), Sub-Saharan Africa with 172.4 tons (0.5%), and Oceania with 80 tons (0.2%).

Source: World Gold Council, Byblos Research

Global output of natural gas up by 1.8% in 2024

The International Energy Agency projected global natural gas production to reach 4,200 billion cubic meters (bcm) in 2024, constituting an increase of 1.8% from 4,127 bcm in 2023. It forecast the production of natural gas in North America at 1,275 bcm and to represent 30.4% of the world's aggregate output in 2024, followed by Eurasia with 864 bcm (20.6%), the Middle East with 750 bcm (17.9%), Asia-Pacific with 686 bcm (16.3%), Africa with 255 bcm (6.1%), Europe with 220 bcm (5.2%), and Central and South America with 150 bcm (3.6%).

Source: International Energy Agency, Byblos Research

Base Metals: Nickel prices to average $17,000 per ton in third quarter of 2024

The LME cash price of nickel averaged $17,453 per ton in the year-to-July 17, 2024 period, constituting a drop of 27% from an average of $23,924.1 a ton in the same period of 2023, due to the excessive production of the metal by Indonesian and Chinese nickel producers, as well as to a decline in global manufacturing and industrial activity. Also, nickel prices reached $21,339 per ton on May 20, 2024, their highest level since August 3, 2023 when they reached $21,369 a ton, due to the ban from the London Metal Exchange on Russian metal exports, following new trade sanctions that the U.S. and the United Kingdom imposed on Russia in response to the latter's military actions in Ukraine. In parallel, Citi Research anticipated the global supply of nickel at 3.62 million tons in 2024, which would constitute an increase of 4.7% from 3.46 million tons in 2023. Also, it forecast the global demand for nickel at 3.47 million tons in 2024, which would represent a rise of 8.1% from 3.21 million tons in 2023. In its base case scenario, it anticipated nickel prices to average $16,000 per ton in the next three months amid an oversupply of the metal, despite robust global demand. Further, under its bull case scenario, it forecast nickel prices to average $19,900 a ton in 2024, in case of lower output from Indonesia. In its bear case scenario, it projected nickel prices to average $15,500 per ton in 2024 if demand increases for lithium iron phosphate battery rather than for nickel batteries, and/or in case of lower demand from the stainless steel sector that will weigh on demand for nickel. Further, it forecast nickel prices to average $17,000 per ton in the third quarter of 2024, with a low of $14,000 per ton and a high of $22,000 a ton.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $1,000 per ounce in third quarter of 2024

Platinum prices averaged $950.8 per troy ounce in the year-to-July 17, 2024 period, constituting a decrease of 5.3% from an average of $1,004.2 an ounce in the same period last year due to weaker global industrial demand. Also, platinum prices reached $1,065 an ounce on May 17, 2024, their highest level since May 23, 2023 when they reached $1,066 an ounce. The jump in the metal's price was due to a deeper-than-expected deficit in the platinum market caused by lower supply from mines in Russia and South Africa, as well as to the announcement by global mining company Anglo American that it will exit the platinum mining industry. In parallel, Citi Research projected global demand for platinum to reach nearly 7.71 million ounces in 2024, down by 1.6% from 7.59 million ounces in 2023. Also, it forecast the global supply of platinum to decline by 2% from 7.04 million ounces in 2023 to 6.9 million ounces in 2024, with mine output representing 78.7% of global refined platinum production this year. As such, it projected the deficit in the platinum market at 810,000 tons in 2024 relative to 551,000 in 2023, as it expected the global supply of platinum to continue to outpace demand for the metal in 2024. It expected outflows from platinum-backed exchange-traded funds to increase from 475,000 ounces in 2023 to 1.17 million ounces this year. Also, it forecast platinum prices to average $1,150 per ounce in the next six to 12 months in case of an additional decrease in mine production. However, it anticipated the deficit in the global market of the metal to start moderating next year amid a recovery in autocatalyst demand. Further, it forecast platinum prices to average $1,000 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- 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 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	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	14.25	12-Jul-24	Cut 25bps	29-Aug-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

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