800 ISSUES+
Issue 813 | August 8, 2024
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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate debt of $13.3 trillion due between July 2024 and end-2029

S&P Global Ratings indicated that $13.3 trillion (tn) in rated corporate debt will mature between July 2024 and December 2029. It noted that $868.9bn in corporate debt are due in the remainder of 2024, $2.3tn mature in 2025, $2.7tn are payable in 2026, $2.5tn come due in 2027, $2.8tn have to be settled in 2028, and $2.1tn mature in 2029. The geographic distribution of debt maturities shows that the U.S. has $6.3tn in corporate debt that is due between July 2024 and end-2029, or 47.3% of the total, followed by the debt of European companies with $4.9tn (37%), while the rest of the world has $2.1tn in maturing debt (15.5%). Also, it noted that $9.6tn in investment-grade corporate debt, or 72% of the due debt, mature between July 2024 and December 2029, while $3.7tn in speculative-grade corporate debt (28%) come due during the covered period. It added that the maturing debt of non-financial companies stands at $8.3tn and accounts for 62% of the due debt between July 2024 and end-2029. Further, the debt of consumer product firms that is due totals $896.8bn and accounts for 11% of maturing non-financial corporate debt in the covered period, followed by the debt of media & entertainment firms with $818bn and utilities companies with $817.5bn (10% each), the healthcare sector's debt with $812.1bn (9.8%), telecommunications firms with $717.2bn (8.7%), the high technology sector with $680.8bn (8.2%), and the automotive industry with $627.2bn (7.6%). It said that a total of $274.3bn in emerging markets' (EMs) investment-grade corporate debt and $100.8bn in EMs' non-investment grade debt are due during the covered period.

Source: S&P Global Ratings

Project finance loans down 11% to $157bn in first half of 2024

Global project finance loans totaled $157.2bn in the first half of 2024, constituting a decline of 10.7% from $176bn in the same period of 2023; while the number of project finance transactions reached 331 globally in the first half of 2024, down by 34.3% from 504 deals in the same period last year. Further, the distribution of project finance loans shows that transactions in Europe, the Middle East, and Africa (EMEA) amounted to $74.2bn and accounted for 47.2% of the aggregate deal value in the first half of 2024, followed by the Americas with $68.7bn (43.7%) and Asia-Pacific & Japan with $14.3bn (9.1%). Also, there were 163 transactions in the Americas, or 49.2% of the total, followed by the EMEA region with 121 deals (36.6%), and Asia-Pacific & Japan with 47 transactions (14.2%) in the covered period. In addition, the power sector accounted for $55bn or 35% of project finance loans in the first half of 2024, followed by the telecommunications sector with $34bn (21.5%), the oil & gas sector with $26.2bn (16.6%), the industrial sector with $16.4bn (10.4%), and the transportation sector with $10.7bn (6.8%). Also, there were 203 project finance transactions in the power sector that accounted for 61.3% of the aggregate number of deals, followed by the oil & gas industry with 31 deals (9.4%), the transportation sector with 28 transactions (8.5%), the telecommunications sector with 26 deals (7.9%), and the leisure & property sector with 18 transactions (5.4%).

Source: Refinitiv

MENA

Political and economic transformation varies across region

The Bertelsmann Stiftung's Status Index ranked the UAE in 47th place among 137 countries globally and in first place among 19 Arab economies in 2024. Qatar followed in 53rd place, then Kuwait (55th), Tunisia (65th) and Algeria (71st), as the five Arab economies with the best possible political and economic transformation level. In contrast, Djibouti (106th), Libya (129th), Sudan (132nd), Syria (136th), and Yemen (137th) are the five Arab countries with the lowest political and economic transformation level in the region. The index analyzes and evaluates if and how developing countries and those in transition are steering social change towards democracy and a market economy. The index is based on 12 indicators that are grouped in the Political Transformation dimension and the Economic Transformation dimension. A country's score on the index is the simple average score of the two dimensions and ranges from one to 10 points, with a score of 10 points reflecting the most advanced political, economic and governance transformation. The Arab region's average score stood at 4.13 points in the 2024 index relative to 4.25 points in the 2022 index, and came lower than the global average score of 5.27 points. Also, the rankings of 10 Arab countries improved from the 2022 index, those of eight economies deteriorated, and the ranking of one country remained unchanged. In parallel, the scores of 13 Arab countries regressed year-on-year and those of six economies improved from the 2022 survey.

Source: Bertelsmann Stiftung, Byblos Research

GCC

Fixed income issuance up 107% to $134.5bn in first seven months of 2024

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $134.5bn in the first seven months of 2024, constituting a surge of 107% from $65bn in the same period of 2023. Fixed income issuance in the first seven months of the year consisted of $47.3bn in corporate bonds, or 35.2% of the total, followed by $35.7bn in sovereign sukuk (26.5%), $29.3bn in sovereign bonds (21.8%) and $22.2bn in corporate sukuk (16.5%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $69.5bn in the first seven months of 2024, or 51.7% of fixed income output in the region; while issuance by GCC sovereigns reached $65bn, or 48.3% 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, $5.8bn in June, and $2.8bn in July 2024. GCC companies issued $13.6bn in bonds and sukuk in January, $8.8bn in February, $10.5bn in March, $4.6bn in April, $7.9bn in May, $6.8bn in June, and $17.3bn in July 2024. In parallel, corporate output in July 2024 included $9.5bn in bonds and $193.2m in sukuk issued by companies in Saudi Arabia, $3.2bn in bonds and $500m in sukuk issued by firms based in the UAE, $750m in sukuk issued by companies in Oman, and $500m in bonds issued by firms in Kuwait. Also, sovereign proceeds in the covered month consisted of $2bn in bonds and $272.3m in sukuk that the UAE issued, $259.7m in bonds issued by Oman, and $163.3m in bonds issued by Saudi Arabia.

Source: KAMCO, Byblos Research

OUTLOOK

GCC

Non-resident capital inflows to rise by 17% to $136bn in 2024

The Institute of International Finance (IIF) forecast the real GDP growth rate in the six Gulf Cooperation Council (GCC) countries at 2.4% in 2024, despite lower oil production, with non-hydrocarbon growth at 4%, driven by public investments and private consumption. Further, it expected the average headline inflation rate to regress from 2.7% in 2023 to 2% in 2024, supported by lower global non-fuel prices and a stronger U.S. dollar. Further, it projected the aggregate current account surplus of the six Gulf Cooperation Council (GCC) countries to decline from $169.1bn in 2023 or 7.6% of GDP, to $123.4bn or 8.9% of GDP in 2024, if global oil prices average $84 per barrel this year, and due to lower volume of oil exports and continued strong growth in imports. However, it expected resident capital outflows from the region to decrease from $222.9bn in 2023 to $196.4bn in 2024. Also, it forecast the gross public foreign assets of GCC sovereigns to increase from $3.5 trillion at end-2023 to $3.8 trillion by the end of 2024, and pointed out that 70% of such assets are managed by sovereign wealth funds with diversified portfolios of public equities, fixed income securities, and foreign direct investments (FDI) in the Middle East and North Africa as well as in South East Asian economies.

Further, the IIF projected non-resident capital inflows to GCC countries to increase by 17.3% from $115.9bn or the equivalent 5.5% of GDP in 2023, to $135.9bn or 6% of GDP in 2024, due mainly to portfolio flows to Saudi Arabia as the Kingdom issues more debt to finance its fiscal deficits. It expected the region's financial systems to increase their funding as part of their continued plan to better manage their assets and liabilities allocation. Also, it forecast FDI at $64bn this year relative to $58.6bn last year, which will account for 47% of total net non-resident inflows to the GCC in 2024, and noted that the UAE is the region's largest FDI recipient. Further, it anticipated portfolio inflows to the region at $52.1bn in 2024, representing an increase of 31.2% from $39.7bn in 2023. In addition, it expected other investments in GCC countries at $19.8bn in 2024, increasing by 12.5% from $17.6bn in 2023.

Source: Institute of International Finance

SAUDI ARABIA

Development of capital markets to diversify funding sources

Goldman Sachs considered that Saudi Arabia's balance sheet is robust and that its capacity to finance near-term funding gaps is sound. But it noted that fiscal pressures are on the rise amid lower oil revenues and elevated current expenditures, which may lead to a review of wider spending plans and investments. As such, it forecast the fiscal deficit to widen from 2% of GDP in 2023 to 4.3% of GDP in 2024, and to average 3.3% of GDP in the 2024-26 period. It projected current expenditures to contribute 2.6 percentage points (pps) of GDP and for capital expenditures to add 0.6 pps of GDP to the fiscal deficit, and forecast that they will be partially offset by higher non-oil revenues that will contribute 1.6 pps of GDP and oil revenues that will add 1.7 pps of GDP to the fiscal balance this year. It added that the Ministry of Economy and Planning said that the authorities may recalibrate the pace of implementation of the projects in order to optimize economic performance. Further, it considered that the level of investments is likely to continue to rise in the coming years and to be an important driver of non-oil sector growth.

In parallel, it indicated that the government has made efforts to develop the Kingdom's capital markets to help facilitate the next phase of economic growth, with the aim of reducing the funding burden on the banking sector. It said that the government is looking to actively tap the domestic debt capital market to partially finance its projects, in addition to the funds raised through various equity offerings. It considered that the additional development of the debt capital market could play a significant role, mainly in enabling the banks to obtain a stable source of funding beyond the traditional reliance on equity and on deposit funding, given the tight liquidity conditions amid higher rates and the migration of demand deposits to time deposits. In addition, it pointed out that demand for funding could outpace supply, which would result in a funding gap, given that Vision 2030-related projects are leading to an increase in credit demand in the medium term. As such, it considered that the development of the debt capital market will help bridge this gap.

Source: Goldman Sachs

EGYPT

Structural reforms to help maintain investor confidence

Citi Research considered that uncertainties persist about the evolution of the current exchange rate regime in Egypt, or about the future path of the Egyptian pound in the near term, while it anticipated the inflation rate to continue to decelerate slowly in the second half of 2024. In addition, it considered several triggers that could affect the economy in the near term. First, it said that significant outflows of portfolio investments over a relatively short period of time would put pressure of the current exchange rate regime. Second, it stated that a regional escalation of the ongoing conflict in the Gaza Strip would affect macroeconomic outlook. Third, it noted that the developments in the Russia-Ukraine war would negatively impact investor sentiment and Egypt's current account dynamics. Fourth, it pointed out that a major easing of monetary policy, with the Central Bank of Egypt choosing to aggressively cut its key policy rate as inflation declines, would affect the country's economy.

In parallel, it considered that the Egyptian economy can grow at a faster rate, especially if the government posts primary fiscal surpluses and if domestic financing costs decrease, and move to a more sustainable public debt position over a prolonged period of time. It indicated that the authorities could maintain investor confidence if the government keeps its commitment to reduce the debt stock by using proceeds from the privatization program. As such, it expected the public debt level to decrease from 96.4% of GDP in the fiscal year that ends in June 2024 to 82.6% of GDP in FY2024/25 and 77.3% of GDP in FY2025/26. Also, it noted that the implementation of structural reforms should improve the medium-term outlook by encouraging portfolio investors to increase their purchases of long-term domestic debt from their current holdings. It expected the IMF to push for the government to significantly lengthen the domestic debt maturity profile in order to reduce rollover risks.

Source: Citi Research

CÔTE D'IVOIRE

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Côte d'Ivoire's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BB-', which is three notches below investment grade, and maintained the 'stable' outlook on the long-term ratings. It affirmed the Country Ceiling at 'BB', and maintained the short-term local and foreign currency IDRs at 'B'. It indicated that the ratings balance the economy's strong growth prospects and sound fiscal management with the country's low development indicators, its high dependence on commodities, the government's low level of revenue mobilization, and weak external liquidity. It added that regional insecurity remains a material risk to Côte d'Ivoire's economic, social and political stability. Further, it expected the fiscal deficit to narrow in 2024 and 2025, supported by higher public revenues and rising cocoa-related receipts. It forecast Côte d'Ivoire's gross financing needs at 10.4% of GDP in 2024 and 9.2% in 2025, and expected the government to meet its financing needs through disbursements from the International Monetary Fund and from bilateral and multilateral creditors, as well as through proceeds from Eurobond and domestic issuances. Also, it forecast imputed foreign currency reserves at $8.5bn in 2024 and $10.2bn in 2025, driven by the narrowing of the current account deficit and strong foreign direct investments in the extractive sector. In parallel, it said that it could downgrade the ratings if security conditions and political stability deteriorate, and/or if the government's debt level increases. It noted that it could upgrade the ratings if GDP per capita improves, in case foreign currency reserves increases, and/or if the public debt level decreases amid the implementation of reforms and a tighter fiscal stance.

Source: Fitch Ratings

DEM REP CONGO

Ratings affirmed on easing external pressures

S&P Global Ratings affirmed the Democratic Republic of the Congo's (DRC) short- and long-term local and foreign currency sovereign credit ratings at 'B' and 'B-', respectively, and maintained the 'stable' outlook on the long-term ratings. It attributed its affirmation to its expectations that the DRC's economic growth will remain robust, and that the country's external and fiscal pressures will be contained. But it said that the economy's heavy dependence on the mining sector makes it highly vulnerable to commodity prices and security risks. It expected that the government will focus on its new economic development plan for the 2024-28 period, which aims to diversify the country's economy and maintain good relations with international donors. It considered that support from the international community, along with increased mining production, will allow the DRC to gradually alleviate its high external pressures, which are reflected by the continued depreciation of the currency and elevated inflation rates. In addition, it expected a moderate improvement in external liquidity in case of a renewal of the program with the International Monetary Fund. Also, it forecast the country's gross external financing needs at 103.6% of current account receipts and usable reserves in 2024, as well as at 101.2% of such receipts and reserves in 2025 and 99.5% in 2026. It said that it could downgrade the ratings if access to external financing declines, and/or if fiscal vulnerabilities increase significantly.

Source: S&P Global Ratings

ETHIOPIA

Financial support to alleviate external imbalances

Moody's Ratings considered that the influx of external funding to Ethiopia, along with relief from the restructuring of its external debt, will help the country replenish its foreign currency reserves, which have been at record lows for several years and covered less than one month of imports. It said that the recent agreement with the International Monetary Fund (IMF) marks a pivotal stage in Ethiopia's debt restructuring, which was initiated under the Group of 20 Common Framework for debt treatment. It noted that the IMF funding, additional budget support from other multilateral institutions, and continued debt restructuring will close Ethiopia's estimated external financing gap of $10.7bn over the four-year program. Further, it considered that the shift to a market-driven exchange rate is critical to rectify the country's persistent external imbalances and foreign currency shortages. It added that a pick-up in foreign direct investments, with a more attractive exchange rate and reduced risks of profit repatriation, may ease external pressures. In parallel, Fitch Ratings considered that Ethiopia's debt restructuring process is set to accelerate following the approval of a new IMF program in July 2024. It expected the government to reach an agreement on the treatment of its official debt quickly, which would pave the way for talks on the restructuring of its commercial debt on comparable terms. It said that private creditors hold around 5% of the central government's external debt and over 90% of the $1bn Eurobond, which may reduce the complexity of the discussions. Also, it indicated that the liberalization of the exchange rate should facilitate private-sector investments and economic growth to mitigate foreign currency shortages and structural external imbalances.

Source: Moody's Ratings, Fitch Ratings

PAKISTAN

Sovereign ratings affirmed on balanced risks to external and fiscal position

S&P Global Ratings affirmed Pakistan's short and long-term sovereign credit ratings at 'C' and 'CCC+', which are 11 and seven notches below investment grade, respectively. It affirmed the country's Transfer & Convertibility Assessment at 'CCC+', and maintained the 'stable' outlook on the long-term ratings. It attributed its affirmation of the ratings to Pakistan's high gross external financing needs, vulnerabilities to energy price developments, and the availability and timing of foreign support. It said that the 'stable' outlook balances the risks to Pakistan's external liquidity position and fiscal performance in the next 12 months against the prospect of continued support from multilateral and bilateral partners. It indicated that official external support has helped increase Pakistan's foreign currency reserves, but that the country remains dependent on sustained support and the rollover of credit facilities to maintain its currently low external buffers. Also, it forecast the country's gross external financing needs at 128.8% of current account receipts and usable reserves in 2024, as well as at 119.5% of such receipts and reserves in 2025 and 118.4% in 2026. In parallel, the agency said that it may downgrade the ratings in case the country's external position deteriorates rapidly and/or if fiscal deficits widen to the point of exceeding the domestic banking sector's financing capacity. In contrast, it noted that it could upgrade the ratings if Pakistan's external and fiscal positions improve.

Source: S&P Global Ratings

BANKING

SAUDI ARABIA

Favorable operating environment benefiting banks

Fitch Ratings indicated that the operating environment of Saudi banks is favorable, supported by high oil prices and government spending. Is said that operating environment score of 'bbb+' is the highest across banking sectors in emerging markets and Gulf Co-operation Council (GCC) countries. Further, it expected the Saudi banking sector's financial soundness indicators, such as asset quality, capitalization, profitability and liquidity, to remain the strongest in the GCC region in the coming years. It considered that banks will generate more business opportunities through the execution of Vision 2030. It noted that the majority of Saudi Arabian banks reported strong profitability metrics in 2023 and in the first quarter of 2024, which should be largely sustained throughout 2024. But it stated that the margins of Saudi banks have benefited less from higher interest rates than their peers in several neighboring countries. It indicated that the deposits of government-related entity are costly as they carry predominantly high interest rates, and that the share of current and savings accounts decreased to 53% at end-May 2024. But it considered that lenders will likely increase their appetite for corporate financing, which is likely to account for about 60% of new loan originations in 2024. Further, it indicated that the competition for liquidity among banks has intensified in recent years amid high lending growth. It added that the notable increase in the deposits of government-related entities at banks in the second half of 2023 supported liquidity conditions in the banking sector.

Source: Fitch Ratings

TÜRKIYE

Banks' operating environment improves

Fitch Ratings indicated that the operating environment for Turkish banks has continued to improve in the first quarter of 2024, reflecting increased investor confidence and reduced macroeconomic and financial stability risks. It added that the surge in the banks' issuance of external debt this year underscores renewed international investor confidence. However, it said that monetary tightening has put pressure on the profitability of the banks, given limited lending growth, higher interest rates on lira deposits, and a weaker ability of retail borrowers to repay their loans, although the rated-banks' average non-performing loans (NPLs) ratio regressed from 1.9% at end-2023 to 1.7% at end-March 2024. But it expected the banks' provisioning and profitability buffers to remain sufficient to weather the impact of monetary tightening. It stated that loan impairment charges averaged 41% of pre-impairment profits in the first quarter 2024, up from 31% in 2023, reflecting the deterioration of asset quality in the unsecured retail segment, and expected asset quality to weaken further this year. In addition, it pointed out that the banks' common equity Tier One ratio decreased from 14.7% at end-2023 to 12.8% at end-March 2024 due to the increase in risk weighted assets and higher dividend payouts by several banks. It also considered that capitalization metrics remain sensitive to macroeconomic risks, to the potential depreciation of the Turkish lira, as well as to asset quality weakening and macroprudential developments. It added that the banks have significantly reduced their foreign exchange swaps with the Central Bank of the Republic of Türkiye, which strengthened their financial stability.

Source: Fitch Ratings

NIGERIA

Authorities pledge to improve AML/CFT framework

In its June 2024 update, the Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Nigeria made in February 2023 a high-level political commitment to work with the FATF and the Inter-Governmental Action Group against Money Laundering in West Africa to strengthen the effectiveness of its AML/CFT regime. It said that Nigeria plans to implement its FATF action plan by completing its residual money laundering and terrorism financing risk assessment (ML/TF), and by increasing the dissemination of financial intelligence by the Financial Intelligence Unit and the use of the AML/CFT framework by law enforcement agencies in line with the country's risk profile. It noted that Nigeria pledged to develop formal and informal international cooperation, to improve its AML/CFT risk-based supervision of financial institutions and Designated Non-Financial Businesses and Professions, and to enhance the implementation of preventive measures for high-risk sectors. Also, it pointed out that Nigeria needs to make sure that the relevant authorities will have timely access to accurate and up-to-date beneficial owner (BO) information on legal persons, and will apply sanctions for breaches of BO obligations. Further, it encouraged the authorities to demonstrate a sustained increase in ML investigations and prosecutions in line with ML risks, to proactively detect violations of currency declaration obligations, and to apply appropriate sanctions. It called on the authorities to increase their investigations and prosecutions of TF activities, as well as to implement risk-based monitoring for the subset of non-profit organizations at risk of TF abuse.

Source: Financial Action Task Force

ETHIOPIA

Central Bank implements framework to maintain financial sector stability

The International Monetary Fund indicated that the capital adequacy ratio of the Ethiopian banking sector reached 14.7% at the end of June 2023, the latest available figure, compared to 16.3% at end-June 2022. It noted that the banks' liquid assets were 19.3% of the sector's total assets at end-June 202, the latest available figure, relative to 21% a year earlier. It added that liquid assets of the banking sector were equivalent to 15.4% of total liabilities at end-March 2024, although the ratio of excess reserves or cash to deposits was less than 1% at end-March 2024. It pointed out that the National Bank of Ethiopia aims to strengthen the monitoring and enforcement of the banks' daily Net Open Position limits to ensure that banks effectively manage foreign currency risks and to support inter-bank foreign currency liquidity. Also, it said that the sector's non-performing loans ratio stood at 3.6% at end-June 2023 relative to 3.9% at end-June 2022, excluding the elevated non-performing debt of state-owned enterprises. It noted that the authorities aim to strengthen the supervision and regulations of the banking sector, through asset classification, the treatment of non-performing government-guaranteed claims, and foreign exchange exposures. In parallel, it indicated that the authorities submitted to the Council of Ministers in June 2024 a draft law that allows foreign banks to operate in Ethiopia.

Source: International Monetary Fund

Oil prices to average $84.1 p/b in third quarter of 2024

ICE Brent crude oil front-month prices reached a seven-month low of $76.3 per barrel (p/b) on August 5, 2024, as the sell-off in global stocks and concerns about a recession in the U.S., the world's largest oil consumer, outweighed fears that escalating tensions in the Middle East may affect oil supply from the region. Further, oil prices stood at $78.3 p/b on August 7, 2024, constituting an increase of 2.7% from $76.3 p/b on August 5, due to a sharp decline in U.S. crude oil inventories. In parallel, Goldman Sachs considered that the $75 p/b floor for Brent oil prices will withstand macroeconomic fears in the near term. It also indicated that limited recession fears, resilient oil demand in the West and in India, as well as very low speculative positioning, would support oil prices in the short term. In addition, the U.S. Energy Information Administration (EIA) expected the oil production cuts of the OPEC+ coalition to reduce global oil inventories in the next three quarters, which would put upward pressure on oil prices. As such, it anticipated global oil inventories to decrease by an average of 0.8 million barrels per day (b/d) in the second half of 2024, with additional declines in the first quarter of 2025. Further, it revised downward its forecast for global consumption of liquid fuels from 1.8 million b/d to 1.1 million b/d in 2024, as it projected lower oil demand from China this year amid an expected slowdown in the country's economic activity, which will continue to reduce diesel consumption. In addition, it projected oil prices to average $84.1 p/b in the third quarter and $86 p/b in the fourth quarter of 2024.

Source: Goldman Sachs, EIA, Refinitiv, Byblos Research

Middle East demand for gold down 10% in first half of 2024

Consumer demand for gold in the Middle East, which includes demand for jewelry and for bars and coins, totaled 135.4 tons in the first half of 2024, constituting a decrease of 10% from 150.2 tons in the first half of 2023. Gold demand in the region accounted for 10% of the global consumption of the precious metal in the first half of 2024. Also, consumer demand for gold in Iran reached 35.9 tons and represented 26.5% of the region's aggregate demand in the covered period, followed by Egypt with 27.5 tons (20.3%), Saudi Arabia with 24.7 tons (18.2%), the UAE with 23.4 tons (17.3%), and Kuwait with 8.1 tons (6%).

Source: World Gold Council, Byblos Research

Saudi Arabia's oil export receipts at $20.2bn in May 2024

Crude oil exports from Saudi Arabia stood at 6.12 million barrels per day (b/d) in May 2024, constituting an increase of 2.5% from 5.97 million b/d in April 2024 and a decrease of 11.7% from 6.93 million b/d in May 2023. Oil export receipts reached $20.2bn in May 2024, representing a decrease of 3.5% from $21bn in April 2024 and a rise of 5% from $19.3bn in May 2023.

Source: JODI, General Authority for Statistics, 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 102.94 million barrels per day (b/d) in 2024, constituting an increase of 1.1% from 101.8 million b/d in 2023. It forecast the consumption of petroleum and liquid fuels of non-OECD economies at 57.24 million b/d, or 55.6% of global demand, and for the consumption of OECD countries to reach 45.69 million b/d, or 44.4% of the total.

Source: U.S. Energy Information Administration

Base Metals: Nickel prices to average $16,391 per ton in third quarter of 2024

The LME cash price of nickel averaged $17,304.2 per ton in the year-to-August 7, 2024 period, constituting a drop of 27% from an average of $23,676.5 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, S&P Global Market Intelligence anticipated the global primary supply of nickel at 3.63 million tons in 2024, which would constitute an increase of 8% from 3.36 million tons in 2023. Also, it forecast the global primary demand for nickel at 3.52 million tons in 2024, which would represent a rise of 10.4% from 3.19 million tons in 2023. In addition, it anticipated the global primary nickel market to remain in surplus in the 2024-28 period due to expectations of lower primary nickel consumption from the electric vehicle battery sector during the covered period. Also, it projected global stainless steel output to rise by 6.5% in 2024, driven by higher production from China, which will support the supply of nickel. Further, it forecast nickel prices to average $16,391 per ton in the third quarter and $16,250 a ton in the fourth quarter of 2024.

Source: S&P Global Market Intelligence, 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-August 7, 2024 period, constituting a decrease of 4.8% from an average of $999 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 7.49 million ounces in 2024, down by 1.1% from 7.57 million ounces in 2023. Also, it forecast the global supply of platinum to decline by 2% from 7.05 million ounces in 2023 to 6.9 million ounces in 2024, with mine output representing 78.5% of global refined platinum production this year. As such, it projected the deficit in the platinum market at 577,000 tons in 2024 relative to 520,000 in 2023, as it expected the global demand for platinum to continue to outpace the supply of the metal in 2024. In addition, it anticipated a rise in the recycling of the metal in the near- to medium term, which will increase the availability of the metal in the longer term. Also, it noted that the substitution of palladium with platinum would take years to materialize, given that platinum prices are exceeding palladium prices. Further, it forecast platinum prices to average $1,000 per ounce in the third quarter and $1,025 in the fourth 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				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- 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	B1 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	31-Jul-24	No change	N/A
Eurozone	Refi Rate	4.25	06-Jun-24	Cut 25bps	12-Sep-24
UK	Bank Rate	5.00	01-Aug-24	Cut 25bps	19-Sep-24
Japan	O/N Call Rate	0.25	31-Jul-24	Raised 15bps	20-Sep-24
Australia	Cash Rate	4.35	06-Aug-24	No change	24-Sep-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	4.50	24-Jul-24	Cut 25bps	04-Sep-24
Emerging Markets					
China	One-year Loan Prime Rate	3.35	22-Jul-24	Cut 10bps	20-Aug-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	08-Aug-24	No change	09-Oct-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	18-Jul-24	No change	05-Sep-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	50.00	23-Jul-24	No change	20-Aug-24
South Africa	Repo Rate	8.25	18-Jul-24	No change	19-Sep-24
Kenya	Central Bank Rate	12.75	06-Aug-24	Cut 25bps	N/A
Nigeria	Monetary Policy Rate	26.75	23-Jul-24	Raised 50bps	24-Sep-24
Ghana	Prime Rate	29.00	29-Jul-24	No change	30-Sep-24
Angola	Base Rate	19.50	19-Jul-24	No change	19-Sep-24
Mexico	Target Rate	11.00	27-Jun-24	No change	08-Aug-24
Brazil	Selic Rate	10.50	31-Jul-24	No change	N/A
Armenia	Refi Rate	7.75	30-Jul-24	Cut 25bps	10-Sep-24
Romania	Policy Rate	6.50	07-Aug-24	Cut 25bps	04-Oct-24
Bulgaria	Base Interest	3.53	01-Aug-24	Cut 10bps	02-Sep-24
Kazakhstan	Repo Rate	14.25	12-Jul-24	Cut 25bps	29-Aug-24
Ukraine	Discount Rate	13.00	25-Jul-24	No change	19-Sep-24
Russia	Refi Rate	16.00	07-Jun-24	No change	13-Sep-24

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