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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Net Financial wealth to grow by 6% to $628tn in 2023-28 period

The Boston Consulting Group indicated that global net financial wealth, which it defines as financial wealth and real assets, net of liabilities, reached $476.9 trillion (tn) at the end of 2023, representing an increase of 4.3% from $457.4tn at end-2022. It pointed out that global financial wealth stood at $275.2tn at end-2023 and increased by 7% from $257.5tn at end-2022, while global real assets totaled $261.7tn at end-2023, up by 1.6% from $257.7tn at end-2022. It added that global liabilities amounted to $59.9tn at end-2023 and grew by 3.8% from $57.7tn at end-2022. It noted that net financial wealth in North America totaled $169tn and accounted for 35.4% of global financial wealth at the end of 2023, followed by the Asia-Pacific region excluding Japan with $134.5tn (28.2%), Western Europe with $103tn (21.6%), Japan with $23.6tn (6.6%), the Middle East and Africa with $19.2tn (4%), Latin America with $16.9tn (3.5%), and Eastern Europe and Central Asia with $10.8tn (2.3%). Further, it expected global net financial wealth to reach $627.8tn at end-2028, constituting a rise of 31.6% from end-2023, and to post a compound annual growth rate of 6% in the 2023-28 period. It projected net financial wealth in North America at $226.6tn at the end of 2028, which would account for 36% of global financial wealth, followed by the Asia-Pacific ex-Japan with $180.6tn (28.8%), Western Europe with $121.3tn (19.3%), the Middle East and Africa with $30.6tn (4.9%), Japan with $27.9tn (4.4%), Latin America with $25.5tn (4.1%), and Eastern Europe and Central Asia with $15.3tn (2.4%).

Source: Boston Consulting Group

UAE

Earnings of Abu Dhabi firms down 3%, profits of Dubai firms up 52% in first half of 2024

The net income of 74 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED62.5bn, or $17bn in the first half of 2024, constituting a decrease of 2.8% from AED64.3bn, or $17.5bn in the first half of 2023. Listed firms in the financial sector generated net profits of $5.9bn and accounted for 35% of the total earnings of publicly-listed firms in the covered period. Energy companies followed with $3.3bn (19.6%), then telecommunication firms with $2.1m (12.2%), industrials with $1.8bn (10.8%), utilities companies with $1.2bn (7.1%), consumer discretionary firms with $840.3m (4.9%), basic materials companies with $705.6m (4.1%), real estate firms with $687.5m (4%), healthcare providers with $327.1m (1.9%), and consumer staples firms with $51.7m (0.3%). In parallel, the cumulative net income of 59 companies listed on the Dubai Financial Market that published their financials totaled AED56.7bn, or $15.4bn in the first half of 2024, constituting a rise of 52% from AED37.3bn or $10.2bn in the same period of 2023. Listed financial firms generated profits of $10.1bn, or 65.5% of net earnings in the covered period. Real estate companies followed with $3.4bn or 22% of the total, utilities firms with $756m (5%), industrials with $610.6m (4%), telecommunications firms with $322.3m (2.1%), and consumer staples companies with $173.4m (1.1%).

Source: KAMCO, Byblos Research

MENA

Level of ICT development varies across Arab world

The International Telecommunication Union ranked Kuwait in first place among 170 countries around the world on its ICT Development Index for 2024. Qatar followed in fourth place, then Bahrain and the UAE (sixth place each), and Saudi Arabia (13th) as the five Arab countries with the highest level of information and communications technology (ICT) development in the Arab world, while Palestine (118th), Djibouti (130th), Syria (133rd), Mauritania (139th), and Yemen (152nd) had the lowest such level in the region. The index tracks the digital divide in countries and measures their progress towards becoming information societies on the basis of ICT access and usage. It is based on 10 indicators that are grouped in the Universal Connectivity Pillar and the Meaningful Connectivity Pillar. A country's score on the index is the simple average score of the two pillars and ranges from zero to 100 points, with a score of 100 points reflecting the highest level of Internet access, mobile broadband coverage, mobile broadband subscriptions, and data transmission speeds in a country. The Arab region's average score stood at 79.9 points in the 2024 index relative to 79.2 points in the 2023 survey, and came higher than the global average score of 74.8 points. Also, the region's level of ICT development was higher than the average scores in the Asia-Pacific region (77.3 points), the Americas (77.1 points), and Africa (50.3 points), but lower than the average scores in Europe (90.1 points) and the Commonwealth of Independent States (87 points). In addition, the scores of 16 Arab countries increased year-on-year and that of one economy improved from the 2023 survey.

Source: International Telecommunication Union, Byblos Research

Arab world trails most regions in connectivity to global shipping networks

The United Nations Conference on Trade & Development's (UNCTAD) ranked the UAE in 16th place globally and in first place among 19 Arab countries on its Liner Shipping Connectivity Index for the second quarter of 2024. Morocco followed in 21st place, then Egypt (24th), Saudi Arabia (25th), and Oman (42nd) as the most connected Arab economies; while Yemen (112th), Tunisia (113th), Sudan (121st), Syria (127th), and Mauritania (139th) were the least connected Arab countries. The index assesses the level of a country's integration into global liner shipping networks, and is a composite of six components that capture the deployment of container ships by liner shipping firms to a country's ports. A country's score is a composite of the six indicators, with a higher score reflecting a better performance on the index. The Arab region's average score reached 99.4 points compared to 102.7 points in the second quarter of 2023, and came below the global average of 100.4 points. Also, the average score of Gulf Cooperation Council (GCC) countries stood at 138.4 points, while the average score of non-GCC Arab counties was 81.3 points. In parallel, the Arab region's average score was higher than the average scores of Latin America & the Caribbean (64.9 points) and Sub-Saharan Africa (48.7 points), but it came lower than the average scores of North America (222.4 points), East Asia & the Pacific (179.5 points), South Asia (166.8 points), and Europe & Central Asia (133.6 points).

Source: UNCTAD, Byblos Research

OUTLOOK

SAUDI ARABIA

Non-oil sector growth projected to average 4.6% in 2024-25 period

Jadwa Investment projected Saudi Arabia's real GDP to shift from a contraction of 3.7% in 2023 to growth rates of 1.8% in 2024 and 4.9% in 2025, driven by improved activity in the oil sector, as it expected Saudi oil production to average 9 million barrels per day (b/d) in 2024 and 9.5 million b/d in 2025. It anticipated real hydrocarbon GDP to shrink by 6.1% this year amid a sharp decline in crude oil output, but to expand by 5.1% in 2025, assuming that the OPEC+ coalition unwinds 2.2 million barrels per day of voluntary production cuts. It also forecast activity in the non-oil sector to grow by 4.5% in 2024 and 4.6% in 2025 due to a rebound in domestic trade, and in the transportation and construction sectors.

Further, it forecast the government's fiscal balance to post deficits of 2% of GDP in 2024 and 2.5% of GDP in 2025, driven by elevated spending that will offset high non-oil budget receipts. It indicated that higher dividends from the state-owned oil company Aramco will support hydrocarbon revenues in 2024. It anticipated the authorities to finance the fiscal deficit in the 2024-25 period through debt issuance, and forecast the public debt level at 27.8% of GDP by end-2024 and 29% of GDP by end-2025. In parallel, it projected the current account surplus at 1.9% of GDP in 2024 and 1.7% of GDP in 2025, due mainly to a smaller trade surplus, an increase in non-oil exports and higher tourism receipts, which will outweigh the rise in the Kingdom's import bill, the small trade deficit in services, and the minor deficit in net transfers. Also, it forecast foreign currency reserves to reach $435bn at end-2024 and $426bn at end-2025.

In parallel, it considered that the main risk to the outlook is the uncertainties about oil prices, as it anticipated that significant geopolitical risks could threaten oil shipment routes. But it said that the Saudi economy is well positioned to weather any softness in oil markets, given the strong sovereign balance sheet, the financial strengths of key entities, and the ongoing reforms and investments across the economy.

Source: Jadwa Investment

NIGERIA

Economic outlook contingent on reforms

S&P Global Ratings projected Nigeria's real GDP growth rates at 2.9% in 2024 and at an average of 3.2% in the 2025-27 period, supported by ongoing reforms and a rebound in activity in the non-oil economy, despite a weak business environment and flat oil production. But it considered that the tightening of monetary and fiscal policies in the country could negatively affect growth potential in the near- to medium term. Further, it forecast the inflation rate to average 33.5% in 2024 and at 25% at 2025, driven by the pass-through effect from the depreciation of the naira, as well as by increases in food, fuel and energy prices.

Further, it projected the fiscal deficit at 4.4% of GDP in 2024 due to lower revenue collection, high debt-servicing costs, and the recently announced supplementary budget of NGN6.2 trillion. Also, it projected the fiscal deficit at 3.9% of GDP in 2025 and at an average of 3.7% of GDP in the 2026-27 period, in case of additional fiscal consolidation from the lifting of petroleum subsidies and the increase in the collection of non-oil taxes and other revenues. It added that the depreciation of the naira will support public revenues amid improving dollar-denominated oil receipts. In addition, it expected the public debt level to average 35% of GDP in the 2024-27 period.

In parallel, it forecast the current account balance to post surpluses of 1.2% of GDP in 2024 and of 0.4% of GDP in the 2025-27 period, due to uncertainties about oil production volumes and to elevated imports. But it anticipated high oil prices and robust remittance inflows to support the surpluses, while the country's increase in refining capacity will help reduce the import bill starting in 2024. Also, it expected the government to continue to focus on improving the business environment, attracting external investments, ameliorating security conditions, and increasing government revenues. But it considered that reforms may become more difficult to implement in the near term, given high inflation rates and growing popular discontent.

Source: S&P Global Ratings

TÜRKIYE

Growth to average 3% in 2024-25 period on tight monetary and fiscal policy

The International Monetary Fund projected Türkiye's real GDP growth rate at 3.4% in 2024 due to tight monetary policy that is weighing on domestic demand. It said that a turnaround in economic policies since mid-2023 tightened the country's overall policy mix, which has sharply reduced crisis risks and raised investor confidence. It forecast growth to slow down to 2.7% in 2025 as it expected fiscal policy to become contractionary and real policy rates to remain positive. But it anticipated growth to accelerate to 3.5% to 4% in the medium term, driven by a boost in confidence as inflation drops further and exports increase. Further, it projected the inflation rate at about 43% at the end of 2024 despite favorable base effects, and to decline to 24% in 2025.

It noted that the authorities' gradual approach to fighting inflation has downside risks, even though it aims to limit the impact on growth. It considered that a tighter policy mix that is focused on fiscal policy would reduce risks and lower inflation rapidly and sustainably. It said that fiscal front-loaded measures equivalent to 2.5% of GDP during the 2024-25 period would support the efforts to reduce inflation. It estimated that this would result in a short-term cost to growth from tighter policies, but considered that a rapid disinflation is more likely to be sustainable, and that it would strengthen medium-term growth and financial stability.

In addition, it urged the authorities to maintain the tight monetary policy stance until headline inflation and inflation expectations fall to the Central Bank of the Republic of Türkiye's (CBRT) forecast range, and warned that additional tightening might be necessary. Further, it called on the authorities to fully sterilize capital inflows in order to improve the policy transmission. It added that the CBRT should continue to smooth exchange rate volatility and prevent the appreciation of the currency, as well as to avoid intervening in the market in case of persistent shocks. In parallel, it forecast the current account deficit at 2.2% of GDP in 2024 and at 2% of GDP in 2025, driven by the growth in exports.

Source: International Monetary Fund

ECONOMY & TRADE

SAUDI ARABIA

Insurers' profits up 41% in first half of 2024

Regional investment bank EFG Hermes indicated that the aggregate earnings of the six listed insurers in Saudi Arabia that it covers reached SAR23.1bn, or the equivalent of $6.2bn, in the first half of 2024, constituting a rise of 41% from SAR16.4bn ($4.4bn) in the same period last year. It attributed the surge in insurers' profits mainly to a rise of 51% in investment income. It noted that solid investment growth, sustained elevated returns on deposits, and higher allocation to fixed income instruments led to the surge in aggregate investment income in the covered period. Also, it pointed out that the aggregate gross written premiums (GWP) of the covered insurance companies rose by 17% in the first half of 2024 from the same period of 2023. It added that the GWP of the medical and of the property & casualty segments increased annually by 12% and 10%, respectively, in the first half of 2024, while the GWP of the motor segment decreased by 4% year-on-year due to the rise in claims and to intense pricing competition in the second quarter of 2024. It noted that the net combined ratio of the medical segment, which is the ratio of incurred losses and expenses to earned premiums, exceeded 100% for all small insurers in the Kingdom in the first half of 2024, due to the high double-digit increase in expenses. Also, it stated that the GWP of the life insurance category jumped by 481% in the first half of 2024 from the same period last year. In addition, it said that the GWP generated by small companies in the Kingdom surged by 92% annually in the first half of 2024, followed by micro corporates (+67%), retailers (+44%), medium-sized companies (+13%), and large firms (+6%).

Source: EFG Hermes

EGYPT

Ras al-Hikma project to support growth, investments, and balance of payments

The International Monetary Fund's preliminary estimate of the first-round impact of the development of the $35bn Ras al-Hikma project on the Egyptian economy shows that the project will contribute 0.1 percentage points (pps) to real GDP growth in the fiscal year that ends in June 2025, 0.4 pps in FY2025/26, and 0.1 pps in each of FY2026/27 and FY2027/28. It indicated that the Central Bank of Egypt purchased $15bn from the Ras al-Hikma investment deal to boost its foreign-currency reserves, while the Ministry of Finance has received the equivalent of $12bn in Egyptian pounds from the transaction in its Treasury Single Account, which it used to reduce debt financing. It expected foreign direct investment inflows to the project at $2.5bn in FY2024/25, and anticipated aggregate inflows of $12.5bn between FY2025/26 and FY2026/27; and estimated non-oil imports related to the project at $8.8bn during the covered period. As a result, it projected net inflows to add $0.8bn in FY2024/25 and a total of $8.8bn in the FY2024/25-FY2026/27 timeframe to the current account balance. Also, it projected private investments to increase by 0.7% of GDP in FY2024/25, and by 1.3% of GDP in FY/2025/26, 1.1% of GDP in FY2026/27, 1% of GDP in FY2207/28, and 0.8% of GDP in FY2028/29. Further, it forecast the real growth of the construction sector at 1% in FY2024/25, 5.4 in FY/2025/26, 5% in FY2026/27, 4.5% in FY2207/28, and 4.1% in FY2028/29.

Source: International Monetary Fund

ARMENIA

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Armenia's long-term foreign and local currency sovereign credit ratings at 'BB-', respectively, which are three notches below investment grade, as well as the short-term foreign and local currency sovereign credit ratings at 'B'. It also affirmed the transfer and convertibility assessment at 'BB', and maintained the 'stable' outlook on the long-term ratings. It noted that the ratings are supported by the country's strong economic growth outlook, moderate public debt level, access to external official funding, and a prudent policy framework, which have maintained economic and financial stability despite multiple external shocks. But it pointed out that the ratings are constrained by the country's weak but gradually improving institutional framework, moderate per capita income levels, as well as by balance-of-payments and fiscal vulnerabilities. It added that Armenia's exposure to geopolitical risks are weighing on its sovereign ratings. Also, it pointed out that the emerging tensions between Armenia and Russia could significantly increase uncertainties, given the economy's heavy reliance on trade, energy, and financial flows from Russia. Further, it forecast the country's gross external financing needs at 114.7% of current account receipts and usable reserves in the 2024-25 period and at 115% of such receipts and reserves in 2026. It said that it could downgrade the ratings in case of a deterioration in the country's fiscal and external position, and/or if geopolitical tensions escalate with its neighbors.

Source: S&P Global Ratings

ETHIOPIA

Foreign exchange market reforms unlock external financing

Standard Chartered Bank indicated that the Ethiopian birr depreciated from ETB57.8 against the US dollar to ETB80 per dollar after the National Bank of Ethiopia (NBE) floated the national currency on July 29, 2024. It noted that the move towards a market-driven exchange rate will be accompanied by reforms that aim to support the foreign exchange market and private sector activity. It pointed out that the authorities have announced the relaxation of import controls and of the foreign currency requirements for exporters. But it considered that the path towards a properly functioning foreign exchange market will be slow and complicated, given the significant prevailing imbalances. Further, it stated that the authorities' reforms will unlock at least $10.7bn in financing. It noted that the International Monetary Fund (IMF) will disburse $1.86bn in the fiscal year that ends in June 2025 as part of the four-year Extended Credit Facility arrangement of $3.4bn, and that the World Bank will add $2.5bn from its commitment to Development Policy Financing facility. It also expected that up to $16.6bn will be available from the World Bank over three years. It indicated that the official creditor committee has provided assurances about Ethiopia's debt restructuring under the Group of 20 Common Framework debt treatment, and said that negotiations continue with Eurobond holders. It added that the IMF expects savings of $3.5bn from the debt restructuring, which will reduce the country's external financing needs in the near term. In parallel, it said that the banks will be allowed to buy and sell foreign currency freely at negotiated rates as a result of the ongoing reforms, with limited interventions from the NBE.

Source: Standard Chartered Bank

WORLD

Tier One capital of Top 1000 banks up 7% to $1.84 trillion

The Banker magazine's survey of the Top 1000 banks in the world for 2024 indicate that the aggregate Tier One capital of the banks reached $10.84 trillion (tn) at end-2023 and increased by 6.6% from $10.2tn a year earlier. The Tier One capital of Chinese banks stood at $3.55tn and accounted for 32.8% of the total, followed by U.S. banks with $1.8tn (16.5%), and banks in the Eurozone with $1.55tn (14.3%). The survey included 383 banks from the Asia-Pacific region, 219 institutions from Western Europe, 205 banks from North America, 64 institutions from Latin America & the Caribbean, 63 banks from the Middle East, 31 from Central & Eastern Europe, 28 banks from Africa, and seven from Central Asia. Also, the aggregate pre-tax profits of the Top 1000 banks reached $1.53tn in 2023, up by 14% from the previous year; while the distribution of profits shows that the Asia-Pacific region accounted for 41.6% of the banks' earnings, followed by Western Europe with 24.6%, North America with 19.8%, the Middle East with 5.3%, Latin America & the Caribbean with 3.8%, Central & Eastern Europe with 3.5%, and Africa with 1.3%. Further the banks' profits-to-Tier One capital ratio increased from 10.66% in 2022 to 11.52% in 2023, and their return on assets improved from 0.71% at end-2022 to 0.78% at end-2023.

Source: The Banker, Byblos Research

IRAQ

Agencies take rating actions on banks

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of the International Development Bank for Investment and Finance (IDBIF) and Kurdistan International Islamic Bank (KIIB) at 'B-', and affirmed the ratings of Bank of Baghdad (BoB) at 'B'. It maintained the 'stable' outlook on all the ratings. It noted that the ratings of IDBIF and KIIB balance their sound capitalization and elevated liquidity against their high credit risk profile given Iraq's difficult operating environment and elevated geopolitical risks, as well as their significant concentrations in assets. Also, it withdrew the ratings of BoB at the request of the bank. Further, Fitch Ratings affirmed the long-term Issuer Default Ratings (IDR) of Cihan Bank for Islamic Investment and Finance (CBIIF), Iraqi Islamic Bank for Investment and Development (IIBID), and Trade Bank (TB) of Iraq at 'CCC+', while it affirmed the IDR of the International Islamic Bank at 'CCC-' and withdrew the bank's ratings for commercial reasons. It said that the ratings of CBIIF and IIBID balance their strong liquidity metrics against the weak operating environment. In addition, Moody's Ratings downgraded Ashur International Bank for Investment's long-term foreign-currency deposit rating from 'Caa1' to 'Caa3', and revised the outlook on the ratings from 'stable' to 'negative'. It attributed its action to the ban that the Central Bank of Iraq placed on the bank to transact in US dollars, which restricts its ability to meet obligations in US dollars in a timely manner. Further, S&P Global Ratings affirmed the long-term foreign and local currency issuer credit ratings of First Iraq Islamic Bank for Investment and Finance at 'B-', with a 'stable' outlook. It said that the ratings balance the bank's robust capital and earnings, as well as its adequate funding and liquidity position, with its small market share.

Source: Capital Intelligence Ratings, Fitch Ratings, Moody's Ratings, S&P Global Ratings

TUNISIA

Banking sector assessment maintained

S&P Global Ratings maintained Tunisia's banking sector in 'Group 10' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '10' and an industry risk score of '9'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the banking sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 10' consist of Belarus, Egypt, Iraq, Nigeria, and Ukraine. S&P indicated that Tunisia's economic risk score reflects "extremely high risks" in its economic resilience and in credit risks in the economy, as well as "high risks" in its economic imbalances. It expected the non-performing loans ratio for Tunisian banks to remain high at 16% in the 2024-25 period, reflecting ongoing economic challenges since the onset of the COVID-19 pandemic and diminished private sector investment due to low confidence. Also, it anticipated loan-loss provisions to remain stable at 55% in the 2024-25 period, and it noted that the high level of economic uncertainties that could cause the depreciation of the local currency and the elevated inflation rates would result in high credit losses. Further, S&P said that the industry score reflects the country's "extremely high risks" in its institutional framework, "very high risks" in its competitive dynamics and "high risks" in its system-wide funding. It indicated that the regulation and supervision of banks in Tunisia are improving, as the Central Bank of Tunisia (CBT) has implemented several reforms. But it said that Tunisian banks have poor funding profiles and heavily depend on refinancing from the CBT. It noted that the trend for the economic risk and the trend for the industry risk are 'stable'.

Source: S&P Global Ratings

MOROCCO

Agency takes rating actions on five banks

Capital Intelligence Ratings upgraded the long-term foreign currency ratings of Attijariwafa Bank (AWB) and Banque Centrale Populaire (BCP) from 'BB+' to 'BBB-'. Also, it downgraded the long-term foreign currency rating of Société Générale Marocaine de Banques (SGMA) from 'BBB-' to 'BB+, and affirmed the ratings of Bank of Africa (BOA) and Credit du Maroc (CdM) at 'BB+'. Further, it affirmed the Bank Standalone Ratings (BSRs) of AWB, BCP, CdM and SGMA at 'bb' and the BSR of BOA at 'bb-'; while it maintained the 'stable' outlook on the long-term foreign currency ratings and BSRs of the five banks. It stated that the ratings of AWB, BCP, BOA, and SGMA are constrained by their elevated non-performing loan ratios, while the rating of CdM reflects its satisfactory asset quality. It added that modest capital ratios are weighing on the ratings of AWB, BCP, and SGMA, while acceptable capital buffers underpin the rating of SGMA and solid capitalization supports the rating of CdM. It noted that the ratings of AWB and BOA are supported by their satisfactory liquidity and funding profiles, while the ratings of BCP and SGMA are underpinned by their good liquidity metrics and adequate funding. Also, it indicated that the ratings of AWB and BCP are supported by their robust franchise, while the ratings of BOA, CdM and SGMA take into account their good franchise. In addition, it pointed out that AWB, BCP, and BOA benefit from high extraordinary support from the government in case of need.

Source: Capital Intelligence Ratings

ENERGY / COMMODITIES

Oil prices to average $81 p/b in third quarter of 2024

ICE Brent crude oil front-month prices reached $78.7 per barrel (p/b) on August 28, 2024, constituting a decrease of 3.4% from $81.4 p/b on August 26, as a smaller-than-expected decrease in U.S. crude oil inventories and continued fears about Chinese demand outweighed supply disruptions from Libya that led to a decrease in output of between 900,000 barrels per day (b/d) and 1 million b/d for several weeks. But prices rebounded to $80 p/b on August 29 due to Iraq's plan to reduce oil output from 4.25 million b/d to 3.9 million b/d in September, and to lower production in Libya. In parallel, S&P Global Market Intelligence expected crude oil prices to decline slowly and to remain at $80 p/b through 2025, driven by flat demand from China. However, it considered that geopolitical tensions in the Middle East create uncertainties about the global supply and demand for oil in the near term. Also, it indicated that fossil fuel demand will remain in the market, as higher demand for renewable energy sources will not reduce the market share of fossil fuels in the near- to medium term. In addition, Goldman Sachs expected the supply of non-OPEC+ producers to support global oil demand in the long run. It considered that downside risks to the oil market include high global spare capacity and the possibility that the OPEC+ coalition may fully reverse the production cuts in 2025. In contrast, it noted that upside risks to prices include an increase in short-term inventory, unresolved geopolitical tensions in the Middle East and Europe, and a decrease in Iran oil supply. Further, it projected oil prices to average $81 p/b in the third quarter of 2024.
Source: S&P Global Market Intelligence, Goldman Sachs, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts at $17.7bn in June 2024

Oil exports from Saudi Arabia totaled at 7.4 million barrels per day (b/d) in June 2024, constituting an increase of 1% from 7.34 million b/d in May 2024 and a decrease of 9% from 8.15 million b/d in June 2023. Oil export receipts reached $17.7bn in June 2024, representing decreases of 12.6% from $20.2bn in May 2024 and of 9.3% from $19.5bn in June 2023.
Source: JODI, General Authority for Statistics, Byblos Research

Global steel output down 5.3% in July 2024

Global steel production reached 152.8 million tons in July 2024, constituting decreases of 5.3% from 161.4 million tons in June 2024 and of 3.6% from 158.5 million tons in July 2023. Production in China totaled 82.9 million tons and accounted for 54.3% of global steel output in July 2024, followed by production in India with 12.3 million tons (8%), Japan with 7.1 million tons (4.6%), the U.S. with 6.9 million tons (4.5%), Russia with 6.3 million tons (4.1%), and South Korea with 5.5 million tons (3.6%).
Source: World Steel Association, Byblos Research

ME&A's oil demand to grow by 2.5% in 2024

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.42 million barrels per day (b/d) in 2024, which would constitute an increase of 2.5% from 13.1 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

Base Metals: Copper prices to average $9,265 per ton in third quarter of 2024

LME copper cash prices averaged $9,120.5 per ton in year-to-August 28, 2024 period, constituting an increase of 5.7% from an average of $8,629.3 a ton in the same period of 2023. The increase in prices was due to improving copper demand from China's copper-intensive construction industry, fears of supply disruptions of the metal, as well as to elevated demand from the manufacturers of power lines, appliances, wind turbines, and electric vehicles. Further, the metal's price dropped from a peak of $10,800.8 a ton on May 5, 2024 to $9,130 per ton on August 28, 2024, driven by a slowdown in China's industrial activity that reduced demand for industrial metals, including copper. In parallel, the latest available figures from the International Copper Study Group (ICSG) show that global demand for refined copper was 13.4 million tons in the first half of 2024, constituting an increase of 3.3% from 12.93 million tons in the same period of 2023 due to a rise of 3.5% in Chinese demand for the metal. Also, it noted that the global production of refined copper reached 13.86 million tons in the first half of 2024, up by 6.2% from 13 million tons in the same period of 2023, as higher output from China, the Democratic Republic of the Congo, Japan, and the U.S. was partially offset by lower production in Chile and the European Union. In parallel, S&P Global Market Intelligence expected the increase of seasonal copper demand and limited cathode production growth in China to support copper prices in the near term. But it considered that fears of a potential recession in the U.S. could cause downward pressure on the metal's price in the fourth quarter of the year. Further, it forecast copper prices at $9,265 per ton in the third quarter of 2024.
Source: ICSG, S&P Global Market Intelligence, Refinitiv

Precious Metals: Gold prices to average $2,351 per ounce in third quarter of 2024

Gold prices averaged $2,261.7 per ounce in the year-to-August 28, 2024 period, constituting a rise of 17% from an average of $1,933.4 an ounce in the same period of 2023, due mainly to the increase in geopolitical risks as a result of the war in the Gaza Strip, which reinforced the appeal of the metal as a safe haven for investors and as a hedge against inflationary pressures. Also, gold prices reached an all-time high of $2,523.4 per ounce on August 29, 2024 amid expectations that the U.S. Federal Reserve might start cutting interest rates in September 2024, which prompted investors to increase their purchases of the precious metal. In parallel, S&P Global Market Intelligence expected lower interest rates, strong buying by central banks and investors, geopolitical tensions, and challenging macroeconomic outlook for major economies, to increase demand for gold in the coming months, which should support prices in the near- to medium term. However, it considered that the lower interest rates environment in several countries would weigh on gold prices in the near term. It added that volatility in global equity markets could temporarily focus investors' attention on different asset classes, which would in turn cause gold prices to retreat slightly. Also, it considered that uncertainties around the outcome of the U.S. elections is likely to support gold prices, given the candidates' differing views on how to reduce inflation and the influence of these measures on the country's medium-term economic trajectory. Further, it projected gold prices to average $2,351 per ounce in the third quarter of 2024, with a low of $2,200 an ounce and a high of $2,425 per ounce in the covered quarter.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	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 (%)
	LT Foreign currency rating											
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-	Ba3	BB-	B+								
	Stable	Stable	Stable	Positive	-4.3	46.5	2.0	29.8	9.8	114.6	-3.0	2.2
China	A+	A1	A+	-								
	Stable	Negative	Stable	-	-3.0	66.1	10.6	25.8	5.9	64.5	2.3	0.7
India	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-8.0	86.0	6.6	27.5	28.9	87.2	-3.1	1.5
Kazakhstan	BBB-	Baa2	BBB	-								
	Stable	Positive	Stable	-	-2.7	26.1	4.0	26.6	7.9	99.2	-2.8	2.2
Pakistan	CCC+	Caa3	CCC+	-								
	Stable	Stable	-	-	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Positive	Stable	Positive	-	-2.8	23.8	1.7	19.9	1.7	105.0	-0.2	1.8
Romania	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-5.9	49.0	4.3	25.4	6.4	99.6	-6.9	2.0
Russia	-	-	-	-								
	-	-	-	-	-0.8	19.8	11.6	23.0	3.6	61.1	2.0	-0.6
Türkiye	B	B1	B+	B+								
	Positive	Positive	Positive	Stable	-3.6	29.1	1.2	77.3	9.5	166.0	-2.4	1.2
Ukraine	CC	Ca	CC	-								
	Negative	Stable	-	-	-17.0	95.0	4.6	38.1	10.2	105.8	-6.6	1.4

** Current account payments*

Source: S&P Global Ratings, Fitch Ratings, Moody's Ratings, CI Ratings, Byblos Research - The above figures are projections for 2024

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	5.50	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	5.25	14-Augl-24	No change	09-Oct-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	20-Aug-24	Cut 10bps	20-Sep-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	22-Aug-24	No change	11-Oct-24
Malaysia	O/N Policy Rate	3.00	11-Jul-24	No change	05-Sep-24
Thailand	1D Repo	2.50	21-Aug-24	No change	16-Oct-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	20-Aug-24	No change	19-Sep-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	10.75	08-Aug-24	No change	26-Sep-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	29-Aug-24	Cut 25bps	11-Oct-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

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