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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

M&A deals up 24% to $962bn in first five months of 2024

Figures released by Bain & Co. indicate that global mergers and acquisitions (M&A) transactions reached $962bn in the first five months of 2024, constituting an increase of 24% from $775bn in the same period of 2023 and relative to $1.3 trillion (tn) in M&A deals in the first five months of 2021. It noted that M&A deals totaled $185bn in January, $244bn in February, $210bn in March, $161bn in April and $162bn in May 2024, compared to $112bn in January, $124bn in February, $197bn in March, $177bn in April and $165bn in May 2023. Further, it said that M&A transactions in the Americas increased by 38% in the first five months of 2024 from the same period last year, followed by M&A transactions in Europe, the Middle East, and Africa (+37%): while M&A deals in the Asia-Pacific region dropped by 18% in the covered period. In parallel, it pointed out that M&A transactions in the energy & natural resources sector amounted to $248bn and accounted for 25.8% of the total in the first five months of 2024, followed by deals in advanced manufacturing & the services industry with $179bn (18.6%), technology and healthcare & life sciences sectors with $139bn each (14.4% each), financial services with $112bn (11.6%), telecommunications firms with $39bn (4.1%), retail with $35bn (3.6%), media with $30bn (3.1%), and consumer products with $22bn (2.3%). In addition, it projected M&A transactions at $3.3tn in 2024, relative to $3.2tn in 2023, $3.7tn in 2022, and $6.1tn in 2021.

Source: Bain & Co.

SAUDI ARABIA

Profits of listed firms down 3% to $75.4bn in first half of 2024

The cumulative net income of 210 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR282.8bn, or $75.4bn in the first half of 2024, constituting a decrease of 2.7% from SAR290.7bn ($77.5bn) in the first half of 2023. Earnings stood at $36.2bn in the first quarter and $39.2bn in the second quarter of 2024. Listed energy firms generated net profits of $55.7bn and accounted for 74% of total earnings in the covered period. Listed banks followed with $10.2bn in net income (13.5% of the total), then telecommunications firms with $2.15bn (2.9%), materials providers with $2.14m (2.8%), food and beverages companies with $672.6m and healthcare equipment & services providers with $642.1m (0.9% each), and insurance companies with $585.2m and utilities with $583.7m (0.8% each); while other sectors accounted for the remaining $4.3bn (5.7%) in the covered period. In parallel, the net earnings of capital goods providers jumped by 93.6% in the first half of 2024 from the same period last year, followed by the financial services firms (+83.6%), materials companies (+47.4%), insurers (+27.7%) and software and services firms (+23.6%). In contrast, the net income of real estate management & development companies dropped by 27.5% in the first half of 2024 from the same period last year, followed by commercial & professional services companies (-19%), consumer services firms (-17%), energy companies (-7.5%), consumer staples distribution & retail firms (-5%), and telecommunications companies (-3.2%).

Source: KAMCO

MENA

Stock markets down 0.4% in first eight months of 2024

Arab stock markets and Gulf Cooperation Council equity markets regressed by 0.4% and 0.6% respectively, in the first eight months of 2024, relative to increases of 1.6% and 3.3%, respectively, in the same period of 2023. In comparison, global stocks grew by 14% and emerging market equities improved by 8.3% in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, surged by 34.7% in the first eight months of 2024, the Egyptian Exchange rose by 23.6%, the Casablanca Stock Exchange increased by 15.2%, and the Tunis Bourse appreciated by 12.1%. Also, the Boursa Kuwait yielded 7.6%, the Dubai Financial Market gained 6.5%, the Muscat Securities Market advanced by 5.1%, and the Saudi Stock Exchange improved by 1.5% in the covered period. In contrast, the Palestine Exchange dropped by 15.3% in the first eight months of 2024, the Beirut Stock Exchange declined by 6%, and the Qatar Stock Exchange decreased by 5.8%. Also, the Iraq Stock Exchange shrank by 4%, the Abu Dhabi Securities Exchange contracted by 3.1%, and the Amman Stock Exchange and the Bahrain Bourse regressed by 0.7% each.

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

Travel and tourism to contribute 8.5% of North Africa's GDP in 2024

The World Travel & Tourism Council estimated that the travel and tourism sector in North Africa contributed 8.1% of the region's GDP in 2023 compared to 7.7% of GDP in 2019. It estimated that the broad travel & tourism (T&T) sector generated $68.4bn in revenues in 2023, constituting an increase of 13% from $60.6bn in 2019. It noted that the T&T sector's contribution to GDP in North Africa accounted for 0.7% of the contribution of the worldwide T&T industry to global GDP last year relative to 0.6% in 2019. It pointed out that the T&T industry in North Africa employed 5.01 million persons in 2023, up by 5.1% from 4.76 million jobs in 2019. As such, the industry accounted for 8.8% of the region's total employment in 2023 compared to a share of 8.9% in 2019. In parallel, it estimated the aggregate international spending by visitors in North Africa at $30.9bn in 2023 relative to $27.6bn in 2019, which accounted for 14.7% of the region's exports of goods and services in 2019. Also, spending by local visitors on T&T reached $29.7bn in 2023, up by 11.2% from $26.7bn in domestic spending in 2019. Leisure spending by visitors in North Africa totaled $52.2bn in 2023 compared to $45.7bn in 2019, while business spending reached $8.4bn relative to $8.6bn in 2019. In parallel, it projected the contribution of the T&T sector to the region's GDP at $72.5bn in 2024 and at $109.5bn in 2034, and to be equivalent to 8.5% of this year's GDP and 9.9% of GDP in 2034. It forecast that employment in the T&T sector at 5.3 million jobs in 2024, or 9.2% of total employment in the region this year, and at 7.26 million jobs or 10.8% of the region's total employment in 2034. It expected international spending by visitors in North Africa at $32.7bn in 2024 and $49.5bn in 2034, and anticipated domestic spending at $31.3bn in 2024 and $42.6bn in 2034.

Source: World Travel & Tourism Council

OUTLOOK

WORLD

Political priorities to slow energy transition

S&P Global Ratings considered that many countries have gradually shifted their energy transition priorities due to the sharp increase in geopolitical risks and the changes in public spending priorities. It indicated that the surge in energy prices in the 2022-23 period has delayed the energy transition in the short term, as governments allocated funds to alleviate the pressure of elevated energy prices on the public and private sectors.

However, it said that rising energy needs in developing economies and the dependence of the European Union's countries on energy imports could accelerate the energy transition. It considered that energy demand in emerging and frontier markets could converge with demand in advanced economies, which would raise the need to expand the supply of clean energy and avoid increased reliance on fossil fuels. But it pointed out that weak infrastructure, insufficient access to technology, and limited fiscal space constitute barriers to speeding up the energy transition in emerging markets.

Further, it noted that high inflation rates and elevated energy prices increase the cost of the energy transition for lower-income households, mainly in emerging economies. It considered that, if the energy transition increases energy prices, the effects will be felt across the entire social spectrum but will significantly affect lower-income households disproportionally due to their limited capacity to deal with the rising cost of living. It added that governments may decide to avoid imposing additional environmental regulations, which could delay the energy transition further, in order to prevent social unrest and voters' backlash, in case decarbonization efforts extend from the energy sector to the building and transport sectors. It said that developing economies could cite the slowdown of the energy transition in advanced economies to justify the prioritization of economic growth over climate actions.
Source: S&P Global Ratings

EMERGING MARKETS

Many emerging economies facing low- to medium-level risks

The World Bank indicated that 35 emerging market and developing economies (EMDEs) out of 50 ones it surveyed, or 70% of the total, could face low- to medium global and domestic risks, while 15 countries, or 30% of EMDEs could face high risks in the next 12 months. It added that 52% of high and upper-middle income economies and 40% of low and lower-middle income EMDEs could face medium global and domestic risks, while 40% of high and upper-middle income and 8% of low and lower-middle income EMDEs could face low risks in the coming 12 months. It pointed out that global risks consist, first, of uncertainties about the path of monetary policy in advanced economies, as international market access for borrowers in low and lower-middle-income countries remains challenging. Second, it said that heightened geopolitical tensions could lead to increases in global energy and food prices, which could delay the easing of monetary policy and affect financial market conditions in EMDEs. Third, it indicated that weaker economic growth in major economies could pose challenges to the EMDE's exporting countries through reduced trade and remittances, and lower commodity prices.

Further, it stated that domestic risks consist, first, of the elevated exposure of EMDEs' banks to sovereign securities. It noted that the exposure of banks to governments that are facing external debt distress in several countries in the Middle East & North Africa region and in Sub-Saharan Africa exceeds 30% of their assets, which makes them highly vulnerable to sovereign financial stresses. Second, it indicated that high debt servicing costs and increased non-performing loans may affect the banks' asset quality in many EMDEs in the next 12 months.

In addition, it pointed out that 67% of EMDEs that face high financial risks lack the capacity to deal with financial sector stress, while 22% of countries that face medium risks and 17% of economies with low risks have insufficient capacity to deal with crises. Also, it said that 33% of EMDEs that face high financial risks benefit from adequate institutional capacity to deal with financial sector stress, while 65% of EMDEs that face medium risks and 66% of countries with low risks have sufficient capacity to deal with crises.
Source: World Bank

MENA

Trajectory of fiscal and external breakeven oil prices to vary among major oil producers

The Institute of International Finance projected global oil prices to decline from an average of $81.9 per barrel (p/b) in 2024 to $77 p/b in 2025. As such, it anticipated the UAE, Kuwait and Qatar to post fiscal and current account surpluses in the 2024-25 period under this scenario. It considered that an increase in crude oil production, along with subdued government spending and a further improvement in non-oil revenues, would lower the fiscal breakeven oil price in Saudi Arabia from $93 p/b in 2024 to $83 p/b in 2025. It added that the Kingdom can adapt to high breakeven oil prices in the medium term due to its ample financial resources and low public debt level. Further, it expected the UAE's fiscal breakeven oil price to decrease from $58 p/b this year to $55 p/b in 2025, and for Qatar's to regress from $54 p/b in 2024 to $53 p/b next year, supported by lower imports and limited government spending. In contrast, it projected the fiscal breakeven oil price in Iraq to increase from $94 p/b in 2024 to $99 p/b in 2025, and for Algeria’s to rise from $103 p/b in this year to $107 p/b next year, due to the continued expansion of the wage bill in the two countries. Also, it anticipated the fiscal breakeven oil price in Oman to increase from $61 p/b in 2024 to $64 p/b in 2025; while it forecast the fiscal breakeven oil price in Kuwait to remain stable at $78 p/b in the 2024-25 period.

In addition, it projected the breakeven oil price of Saudi Arabia's external current account to regress from $83 p/b this year to $81 p/b in 2025, and for the corresponding breakeven oil price in Oman to drop from $89 p/b in 2024 to $85 p/b in 2025. However, it forecast the UAE's external current account breakeven oil price to increase from $54 p/b in 2024 to $55 p/b in 2025, Qatar's corresponding oil price to rise from $51 p/b this year to $52 p/b in 2025, and for the price in Kuwait to grow from $37 p/b in 2024 to $40 p/b next year. Also, it expected the external current account breakeven oil price in Iraq to surge from $73 p/b in 2024 to $81 p/b in 2025, and to grow from $77 p/b this year to $80 p/b in 2025 in Algeria.
Source: Institute of International Finance

IRAQ

Ratings trend contingent on fiscal and external account dynamics

S&P Global Ratings indicated that Iraq's short- and long-term foreign and local currency sovereign credit ratings of 'B' and 'B-', respectively, reflect the sovereign's sound external position, despite poor data quality and high dependence on the oil sector. It expected the country's net external asset position at 25% of GDP in 2024, which is stronger than other sovereigns in the 'B' rating category, due to the high level of foreign currency reserves at the Central Bank of Iraq and the economy's low external debt level. It added that the 'stable' outlook on the long-term ratings balances the agency's expectations that Iraq's foreign currency reserves will continue to comfortably exceed the government's debt-servicing obligations in the next 12 months, against significant risks from the political uncertainties in the country, the weak institutional framework, and the lack of economic diversification. Further, it forecast Iraq's gross external financing needs at 42.6% of current account receipts plus useable reserves in 2024, as well as at 44% of such receipts and reserves in the 2025-27 period. In parallel, it indicated that it could downgrade the ratings in case of weaknesses in the sovereign's institutional framework, which would reduce the government's ability or willingness to service its debt; and/or if pressure on the fiscal or external balances increases. In contrast, it said that it could upgrade the sovereign ratings in case higher-than-expected real GDP growth supports the country's fiscal and external balances, and/or if institutional reforms and a more stable security environment improve the government's debt-servicing capacity.

Source: S&P Global Ratings

OMAN

Outlook on ratings revised to 'positive' on improved debt metrics

Moody's Ratings affirmed Oman's long-term issuer and senior unsecured debt ratings at 'Ba1', and revised the outlook on the long-term ratings from 'stable' to 'positive'. It also affirmed the foreign- and local currency country ceiling at 'Baa2' and 'Baa1', respectively. It attributed the change in outlook to the ongoing improvement in the government's debt metrics, supported by elevated oil prices and prudent fiscal management. It added that a declining debt burden, in particular the foreign-currency portion of the debt, increases the government's capacity to absorb shocks. Also, it indicated that the affirmation of the ratings balances the country's high per-capita income, the government's moderate debt burden and its improving track record of fiscal policy effectiveness, against the economy's relatively modest growth dynamics and the sovereign's heavy reliance on the hydrocarbon sector. It added that Oman's fiscal performance remains highly sensitive to global energy market fluctuations, as hydrocarbon revenues account for 73% of government receipts and were equivalent to 22% of GDP in 2023.But it added that the strong fiscal performance this year has been supported by the level of oil prices and spending restraint, and that the public debt level declined from a peak of 67.9% of GDP in 2020 to 34% of GDP in July 2024. In parallel, it noted that it could upgrade the ratings if the government's debt metrics improve and/or if the authorities step up efforts to increase economic and fiscal diversification.

Source: Moody's Ratings

ARMENIA

Country risk level assessment maintained

In its annual assessment of the country risk level in Armenia, the insurance Rating Agency A.M. Best maintained Armenia in the Country Risk Tier 4 (CRT-4) category, the second lowest segment on its scale of country risk classification. It said that the Country Risk Tiers (CRTs) reflect its assessment of economic, political, and financial system risks in a country, and range from CRT-1, or a Very Low Level of Country Risk, to CRT-5 or a Very High Level of Country Risk. It considered that the country has a "Moderate" Political Risk level, as the conflict in the Nagorno-Karabakh province has subsided, which allows for greater stability in Armenia. It noted that the government has introduced legal reforms to fight corruption, which include the establishment of a dedicated anti-corruption court; Further, it assessed the level of Economic Risk as "High". It stated that the economy is driven by consumption and services, as private consumption accounts for 70% of GDP and is likely to remain important in the near term. Also, it pointed out that the Stand-By Arrangement with the International Monetary Fund of December 2022 aims to support the government's reform agenda, to preserve economic and financial stability, and to promote sustainable economic growth. It added that the European Union pledged to Armenia an aid package of $3.1bn for transport infrastructure, digitalization, and small- and medium-sized business development. In addition, it considered that Armenia has a "High" level of Financial System Risk, given the risk that the dram may depreciate next year in case of lower demand for the currency, after it appreciated by 40% in the 2022-23 period due to elevated demand from Russian immigrants.

Source: A.M. Best

PAKITSAN

Sovereign ratings upgraded on improved economic and liquidity conditions

Moody's Ratings upgraded Pakistan's long-term local and foreign currency issuer and senior unsecured debt ratings from 'Caa3' to 'Caa2', eight notches below investment grade. It also revised the outlook on the long-term ratings from 'stable' to 'positive'. It attributed the upgrade to better macroeconomic conditions in Pakistan and to improving liquidity and external positions from very weak levels, following the staff-level agreement with the International Monetary Fund (IMF) on July 12, 2024 and the surge in foreign currency reserves at the State Bank of Pakistan since June 2023. However, it indicated that Pakistan's very weak debt affordability, elevated debt-servicing costs, weak governance, and high political uncertainties are weighing on the sovereign ratings. Further, it pointed out that the 'positive' outlook reflects the likelihood that the government could reduce its government liquidity and external vulnerability risks, as well as achieve a better fiscal position, supported by the IMF program. It considered that concerns have diminished about a deterioration in the balance of payments, as the authorities continue to rely on timely and sufficient disbursement of financing from official partners to meet the country's needs. It expected Pakistan's external financing needs for the fiscal year that ends in June 2025 at $26bn, including $22bn in outstanding external debt payments due. In parallel, it noted that it could upgrade the ratings if the authorities implement sustained reforms under the IMF program, which would reduce the government's liquidity and external vulnerability risks.

Source: Moody's Ratings

BANKING

GCC

Banks' income up 9.4% to $29.2bn in first half of 2024

Figures released by financial services firm KAMCO indicate that listed banks in the six Gulf Cooperation Council (GCC) countries posted aggregate net profits of $29.2bn in the first half of 2024, constituting increases of 9.8% from $26.6bn in the second half of 2023 and of 9.4% from $26.7bn in the same period of 2023. The banks' net earnings totaled $14.4bn in the first quarter and $14.8bn in the second quarter of the year. It attributed the rise in income mainly to the increase in non-interest income by $2.1bn to $20.3bn and to a decline of $1.5bn in loan-loss provisions in the first half of 2024. It added that the aggregate revenues of banks reached $63bn in the first half of 2024, representing increases of 0.5% from $62.7bn in the second half of last year and of 9% from $57.8bn in the first half of 2023. Further, it indicated that the aggregate assets of GCC banks stood at $3.3 trillion (tn) at end-June 2024 and increased by 3.7% from $3.2tn at end-2023 and by 8% from $3.05tn a year earlier. In addition, it said that the banks' aggregate net loans reached $2tn at the end of June 2024 and grew by 4.5% from $1.9tn at end-2023 and by 8.6% from $1.8tn at end-June 2023, while customer deposits amounted to $2.4tn, and rose by 1.6% from end-2023 and by 5.6% from the end of June 2023. As such, it pointed out that the aggregate loans-to-deposits ratio of GCC listed banks was 81.5% at the end of June 2024 compared to 79.2% a year earlier.

Source: KAMCO

SAUDI ARABIA

IMF proposes recommendations to strengthen financial sector

In its Financial Sector Assessment Program for the stability of the financial system in Saudi Arabia, the International Monetary Fund (IMF) recommended, first, to establish a monitoring framework for the financial sector's exposure to large construction and infrastructure projects. Second, to strengthen data collection and reinforce data sharing among agencies about the household and corporate segments. Third, to establish independent prudential supervision for the National Development Fund. Fourth, to improve the scope and quality of publicly available data for the real estate market and prices, and publish affordability indicators. Fifth, to regularly collect and monitor household debt statistics, as well as household characteristics and debt distribution. Sixth, to revise prudential regulations and the supervisory approach, techniques, tools, and reporting to address the observed gaps, and to effectively conduct regulation and supervision at the levels of the standalone bank, the consolidated bank, and each bank within groups. Seventh, to implement recently-issued regulations from the perspectives of the Central Bank of Saudi Arabia and Islamic banks. Eighth, to carry out guidance for managing liquidity risk separately for Islamic windows. Ninth, to establish a bank-specific liquidation framework and a legal framework for deposit insurance. Tenth, to strengthen the liquidity management and forecasting framework. Eleventh, to consider making high quality private debt securities eligible for open market operations in crisis times. Twelfth, to conduct thematic inspections of anti-money laundering and combating the financing of terrorism requirements, and levy sanctions in case of non-compliance.

Source: International Monetary Fund

EGYPT

Outlook on banks' ratings changed to 'stable'

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Arab African International Bank (AAIB), Bank of Alexandria (Alexbank), Banque du Caire (BdC), Commercial International Bank (CIB), Export Development Bank of Egypt (EBank), QNB Alahli, and National Bank of Egypt (NBE) at 'B'. It also affirmed the short-term foreign currency ratings of the seven banks at 'B' and the Bank Standalone Ratings (BSRs) of the banks at 'b'. It revised the outlook on the banks' long-term ratings and BSRs from 'negative' to 'stable', following its similar action on Egypt's sovereign ratings. Further, it said that the ratings of the banks are supported by their good capitalization, sound liquidity buffers and adequate funding, but added that they are constrained by the challenging operating environment in Egypt. It noted that the ratings of QNB Alahli is underpinned by its high profitability metrics, while the ratings of Alexbank, BdC , CIB, Ebank, and NBE reflect their good profitability. It added that the ratings of AAIB are constrained by the bank's modest profit ratios. Also, it pointed out that the ratings of Alexbank, BdC, CIB, EBank, QNB Alahli, and NBE are supported by their satisfactory asset quality, although their non-performing loans ratios are increasing, while the ratings of AAIB take into account the bank's improving asset quality. In addition, it noted that BdC, CIB, EBank and NBE benefit from a moderate government support in case of need, while AAIB, AlexBank and QNB Alahli benefit from high probability of support from their parent companies.

Source: Capital Intelligence Ratings

OMAN

Outlook on banks' ratings changed to 'positive'

Moody's Ratings affirmed the long-term local and foreign currency deposit ratings of Bank Dhofar, Bank Muscat, Bank Nizwa, the National Bank of Oman (NBO), Oman Arab Bank (OAB), and Sohar International Bank (SIB) at 'Ba1'. Also, it revised the outlook on the long-term ratings of the six banks from 'stable' to 'positive'. It attributed the change in outlook to its similar action on the Omani sovereign ratings and to the potential of the operating environment to improve. Further, it affirmed the Baseline Credit Assessment (BCA) of Bank Muscat at 'ba1', and the BCAs of Bank Dhofar, Bank Nizwa, NBO, OAB, and SIB at 'ba3', due to the banks' stable financial fundamentals and performance. Also, it indicated that the banks benefit from a high probability of government support in case of need. In addition, it noted that the deterioration in the asset quality of Bank Dhofar, NBO, and SIB is weighing on their ratings, while solid asset quality is supporting the ratings of Bank Muscat. It said that the ratings of Bank Dhofar and Bank Nizwa are underpinned by their sound capitalization, the ratings of Bank Muscat and SIB are supported by their strong capital ratios, while the ratings of NBO and OAB are constrained by their modest capital metrics. It pointed out that the ratings of Bank Dhofar, Bank Muscat, NBO, and SIB take into account their healthy profitability metrics, while the ratings of Bank Nizwa reflect its improving profitability ratios. It indicated that the ratings of NBO and SIB are supported by their adequate liquidity buffers, and added that modest liquidity ratios are weighing on the ratings of Bank Dhofar, Bank Muscat, Bank Nizwa and OAB.

Source: Moody's Ratings

ENERGY / COMMODITIES

Oil prices to average $82 p/b in third quarter of 2024

ICE Brent crude oil front-month prices averaged $83.5 per barrel (p/b) in the first eight months of 2024, constituting an increase of 3.4% from an average of $80.7 p/b in the same period of 2023, driven by elevated geopolitical tensions in the Middle East that would affect the supply of oil. Also, oil prices reached $72.7 per barrel (p/b) on September 4, 2024, representing a decrease of 7.7% from $78.8 p/b at the end of August, as uncertainties about the increase in demand for oil outweighed the possible delay to the oil output increase from the OPEC+ coalition. In parallel, Standard Chartered Bank projected a decrease of 0.5 million barrels per day (b/d) in global inventories in the remainder of 2024, assuming that reductions in the OPEC+ voluntary cuts occur as currently scheduled. Further, Goldman Sachs expected the OPEC+ members to gradually unwind their production cuts in October 2024, and to be consistent with the market potentially shifting from an equilibrium where OPEC+ supports spot oil prices to a long-run equilibrium focused on oil supply from non-OPEC+ producers. As such, it anticipated an increase of 0.3 million b/d in oil production from Canada, China, and Guyana in 2024. Also, it expected oil production from Libya to recover in the near term, given a reportedly potential truce in the country. Further, Standard Chartered Bank projected oil prices to average $82 p/b in the third quarter and $87 p/b in the fourth quarter of 2024.*Source: Standard Chartered Bank, Goldman Sachs, Refinitiv, Byblos Research*

Iraq's oil exports at 108 million barrels in July 2024

Figures issued by the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 108.05 million barrels in July 2024, constituting increases of 5.6% from 102.3 million barrels in June 2024 and of 1.2% from 106.8 million barrels in July 2023. Exports from the central and southern fields stood at 106.1 million barrels in July 2024 compared to 102 million barrels in June 2024.
Source: Iraq Ministry of Oil, Byblos Research

Kuwait's crude oil production unchanged in June 2024

Crude oil production in Kuwait totaled 2.41 million barrels per day (b/d) in June 2024, the most recent figure, unchanged since January 2024, and constituting a decline of 5.3% from 2.55 million b/d in June 2023. Further, total crude oil exports from Kuwait stood at 2.43 million b/d in June 2024, representing an increase of 6.7% from 2.28 million b/d in May 2024 and a decrease of 7.5% from 2.63 million b/d in June 2023.
Source: Joint Organizations Data Initiative, Byblos Research

Global renewable energy demands up 5.2% in 2023

BP estimated the consumption of global renewable energy at 90.23 exajoules (EJ) in 2023, constituting a rise of 5.2% from 85.76 EJ in 2022. Consumption in the Asia-Pacific region reached 40.3 EJ, or 44.7% of global demand for renewable energy last year, followed by Europe with 17.8 EJ (19.8%), North America with 15.8 EJ (17.5%), South & Central America with 11.1 EJ (12.3%), the Commonwealth of Independent States with 2.54 EJ (2.8%), Africa with 2.05 EJ (2.3%), and the Middle East with 0.65 EJ (0.7%).
Source: BP, Byblos Research

Base Metals: Lithium carbonate prices to average $11,776 per ton in third quarter of 2024

Lithium carbonate prices averaged $39,676 per ton in the first eight months of 2024, constituting a drop of 72% from an average of $141,871 a ton in the same period last year. The decline in the metal's prices is due to lower demand for lithium, a persistent market surplus this year, and ongoing project ramp-ups by emerging suppliers, including Argentina, Brazil, and Zimbabwe. In parallel, S&P Global Market Intelligence expected the global demand for lithium to reach 1.1 million tons in 2024 and to grow by 27.4% from 868,436 tons in 2023, while it forecast the global supply of lithium to rise by 32.4% from 920,474 tons in 2023 to 1.2 million tons in 2024. It expected passenger plug-in electrical vehicles (PEV) to drive nearly 87% of the growth in demand for lithium this year, and anticipated higher production from the Americas, Africa, and Asia in 2024. However, it said that lithium producers are scaling back output in response to low prices, which would bring the increase in supply in line with demand. However, it expected demand for PEV to decrease in the near term, in case of a recession in the U.S., a slowdown in economic activity in China, and/or due to rising tariffs on PEVs in the U.S. and the European Union. Moreover, it projected lithium carbonate prices to average $11,776 per ton in the third quarter and $10,833 a ton in the fourth quarter of 2024.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,348 per ounce in third quarter of 2024

Gold prices averaged $2,263.1 per ounce in the first eight months of 2024, constituting a rise of 17% from an average of $1,933.6 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 would start cutting interest rates in September 2024, which prompted investors to increase their purchases of the precious metal. In parallel, Standard Chartered Bank expected gold prices to increase to $2,700 per ounce in 2025, driven by several rate cuts by the U.S. Federal Reserve. It also forecast higher purchases of gold from major central banks and elevated inflows into gold-backed exchange traded funds to support gold prices in the near term. Further, Goldman Sachs noted that gold remains the best hedge against geopolitical and financial risks. It expected the surge in central bank purchases since mid-2022 on fears about U.S. financial sanctions, mainly from emerging markets central banks, as well as rate cuts by the U.S. Federal Reserve, to put upward pressure on gold prices in the near term. It considered that the forthcoming rate cuts are poised to attract more Western investors into the gold market. It added that gold offers significant hedging value to portfolios against elevated tariffs and debt concerns. Further, S&P Global Market Intelligence projected gold prices to average $2,348 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: Standard Chartered Bank, Goldman Sachs, S&P Global Market Intelligence, 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	Positive	Stable	Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA	Aa2	AA-	AA								
	Stable	Stable	Positive	Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A	A1	A+	A+								
	Stable	Positive	Stable	Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	-	-	-	-								
	-	-	-	-	-	49.0	-	-	-	-	-15.5	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	-	-	-	-								
	-	-	-	-	-2.7	50.7	-	-	-	-	-19.2	-2.3

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	BB- Stable	Ba3 Stable	BB- Stable	B+ Positive	-4.3	46.5	2.0	29.8	9.8	114.6	-3.0	2.2
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	66.1	10.6	25.8	5.9	64.5	2.3	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-8.0	86.0	6.6	27.5	28.9	87.2	-3.1	1.5
Kazakhstan	BBB- Stable	Baa2 Positive	BBB Stable	- -	-2.7	26.1	4.0	26.6	7.9	99.2	-2.8	2.2
Pakistan	CCC+ Stable	Caa2 Positive	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	5.25	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	17-Oct-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	3.54	01-Aug-24	Cut 10bps	01-Oct-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

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