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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Demand for technology jobs down 26% in 2023

Figures released by global consulting firm McKinsey & Co. show that demand for jobs in the technology sector decreased by 26% in 2023. It noted that demand for jobs in Generative Artificial Intelligence (AI) surged by 111% in 2023, followed by jobs in electrification and renewables (+1%). It indicated that demand for jobs in cloud and edge computing declined by 38% last year, followed by jobs in next-generation software development (-37%), industrializing machine learning and immersive-reality technologies (-36% each), digital trust and cybersecurity (-34%), applied AI (-29%), advanced connectivity (-24%), the future of bioengineering (-23%), the future of robotics (-20%), quantum technologies (-17%), climate technologies beyond electrification and renewables (-11%), the future of space technologies (-9%), and the future of mobility (-5%). Also, it pointed out that demand for jobs in the technology sector increased by 8% in 2023 from 2021. It noted that demand for jobs in Generative AI jumped by 341% in 2023 from 2021, followed by jobs in electrification and renewables (+73%), the future of mobility (+48%), climate technologies beyond electrification and renewables (+20%), quantum technologies (+19%), the future of space technologies (+18%), industrializing machine learning (+14%), and the future of robotics (+3%); while demand for jobs in the future of bioengineering decreased by 18% in the covered period, followed by jobs in cloud and edge computing (-14%), applied AI (-6%), next-generation software development (-5%), and immersive-reality technologies and digital trust and cybersecurity (-1% each), while demand for jobs in advanced connectivity remains unchanged in the 2021-23 period.
Source: McKinsey & Company

Family offices cite interest rates and market overvaluation as key concerns in 2024

Citi Private Bank's Global Family Office 2024 Survey shows that 52% of respondents expressed concerns that the evolution of interest rates would affect the global economy and financial markets in the near term, 45% of participants noted that relations between the U.S. and China and the over-valuation of markets would impact the economy and financial markets worldwide, and 42% said that inflation rates pose threats to the global economy and financial markets. It added that 25% of participants pointed out that the conflict in the Middle East puts pressure on the global economy and financial markets, 16% believe that the war in Ukraine would weigh on the world economy, while 14% and 9% of surveyed family office members, respectively, stated that trade disputes and currency risks, respectively, would affect the global economy and financial markets. In parallel, it revealed that 54% of participants said that meeting the needs and expectations of family members emerged as the top challenge for the managers of family offices in 2023, while 47% of surveyed individuals stated that adapting to changing market conditions was the main risk, 40% noted that implementing technology solutions was a key challenge, followed by 38% who cited managing costs, 29% who said navigating regulatory compliance as well as attracting and retaining talent, and 11% who stated that maintaining confidentiality and privacy constituted key challenges to family offices last year.
Source: Citi Private Bank

MENA

Level of cybersecurity varies across region

The International Telecommunication Union's Global Cybersecurity Index for 2024 placed Bahrain, Egypt, Jordan, Morocco, Oman, Qatar, Saudi Arabia and the UAE in the "T1 - Role-modelling" tier; classified Algeria, Kuwait, Libya and Tunisia in the "T3 - Establishing" tier; included the Comoros, Djibouti, Iraq, Lebanon, Mauritania, Palestine, Somalia, Sudan and Syria in the "T4 - Evolving" tier; and placed Yemen in the "T5 - Building" tier.. The index assesses a country's commitment to cybersecurity in order to identify strengths and areas for improvement, and to share current cybersecurity practices. It is based on five pillars that consist of the Legal, Technical, Organizational, Capacity Building, and Cooperation pillars. The survey classifies countries in one of the five tiers, where countries in the "T1 - Role-modelling" tier demonstrate a strong cybersecurity commitment to coordinated and government-driven actions that encompass evaluating, establishing and implementing certain generally accepted cybersecurity measures across all five pillars or up to all indicators, while countries in other tiers demonstrated a basic cybersecurity commitment in at least one of the pillars. A country's score is a simple average of the five pillars and ranges from zero to 100 points, with a score of 100 points reflecting the highest commitment to cybersecurity. It added that a higher score indicates that a country has put in place more measures to strengthen its cybersecurity position across the five pillars than countries with lower scores. The average score of the 20 Arab countries was 16.3 points out of 20 points on the Legal Measures pillar, 11.9 points on the Technical Measures pillar, 13.3 points on the Organizational Measures pillar, 11.9 points on the Capacity Development Measures pillar, and 12.2 points on the Cooperation Measures pillar.from the same period last year.
Source: International Telecommunication Union, Byblos Research

QATAR

Profits of listed firms up 6% to $7bn in first half of 2024

The net income of 52 companies listed on the Qatar Stock Exchange totaled QAR25.7bn, or $7.05bn in the first half of 2024, constituting a decrease of 6% from QAR24.3bn ($6.65bn) in the same period of 2023. Earnings stood at QAR13.1bn ($3.6bn) in the first quarter and at QAR12.2bn ($3.35bn) in the second quarter of the year. Listed firms in the financial sector generated net profits of $4.1bn and accounted for 58% of the total earnings of publicly-listed firms in the first half of 2024. Industrials companies followed with $1.3bn (18%), then telecommunication firms with $593.7m (8.4%), transportation companies with $427.3m (6%), consumer goods & services firms with $255.3m (3.6%), real estate companies with $220.5m (3.1%), and insurers with $188.4m (2.7%). Further, the net earnings of listed insurers surged by 38.4% in the first half of 2024 from the same period last year, followed by consumer goods & services firms (+22.7%), banking & financial services providers (+7.6%), telecommunications firms (+5.4%), transportation companies (+1.4%), and industrial firms (+0.1%). In contrast, the net income of real estate firms decreased by 12.3% in the first half of 2024 from the same period last year.
Source: KAMCO, Byblos Research

OUTLOOK

WORLD

Global economic activity to average 2.9% in 2024-25 period, U.S. rate cuts to support growth

The Institute of International Finance (IIF) projected the global real GDP growth rate at 2.9% in each of 2024 and 2025, driven by a rebound in economic activity to pre COVID-19 levels. It forecast economic growth in advanced economies to pick up from 1.3% in 2024 to 1.4% in 2025 and for real GDP in emerging markets (EMs) to expand by 4% annually in the 2024-25 period. Also, it expected the real GDP growth rate in the Central and Eastern Europe, the Middle East & Africa region to decelerate from 2.8% in 2024 to 2.4% in 2025, and anticipated economic growth in the Asia-Pacific region to slow down from 5% this year to 4.8% next year. Further, it projected economic activity in Latin America to accelerate from 1.6% in 2024 to 2.4% in 2025. However, it considered that inflationary risks remain, mainly in the services sector and from wage growth, which could keep inflation rates worldwide slightly above target.

In addition, it noted that the U.S. Federal Reserve's rate cuts will have a substantial impact on the global economy, mainly in EMs, which are highly sensitive to changes in U.S. monetary policy. It indicated that the depreciation of the US dollar would be beneficial for many EMs that carry significant levels of dollar-denominated debt, which will ease the burden of servicing their debts, reduce outflows of foreign currency reserves, and lower the risk of a balance of payments crisis. Further, it said that the monetary easing in the U.S. encourages global investors to seek higher returns in EMs, which can lead to the appreciation of their local currencies, the reduction of borrowing costs, and the support of local equity and bond markets.

In parallel, the IIF indicated that upside risks to the global economic outlook consist of a stronger-than-expected recovery in key economies; the easing of geopolitical tensions, as well as technological advancements and digital transformation in the healthcare, clean energy, and digital finance sectors, which could drive productivity gains and create new growth opportunities. In contrast, it noted that downside risks include elevated geopolitical uncertainties that could lead to supply-chain disruptions, higher commodity prices, and increased market volatility. It pointed out that sudden shifts in global investor sentiment could trigger capital outflows and currency depreciations in EMs.

Source: Institute of International Finance

GCC

Positive economic prospects mitigated by global headwinds

Citi Research projected the real GDP growth rate in the Gulf Cooperation Council (GCC) countries to accelerate from 0.5% in 2023 to 1.7% in 2024, as it forecast activity in the oil sector to contract by 2.8% and for real non-hydrocarbon GDP to grow by 4.3% this year, driven by strong domestic demand and the implementation of reforms. It anticipated the real GDP of Saudi Arabia to grow by 1.1% in 2024 and 3.3% in 2025, and for economic activity in the UAE to expand by 3.4% in 2024 and 4.3% next year. Also, it projected economic growth in Qatar at 3% in 2024 and 3.3% in 2025, while it forecast real GDP growth in Oman to accelerate from 1.2% in 2024 to 2.2% in 2025. Further, it anticipated economic activity in Bahrain to decelerate from 2.9% this year and 2.7% next year, while it expected real GDP in Kuwait to contract by 2% this year and to grow by 1.5% in 2025.

In parallel, it projected the region's aggregate current account surplus to decline from 8.5% of GDP in 2023 to 7% of GDP in 2024, as it expected the OPEC+ coalition to hold oil production cuts throughout 2025. Further, it considered that Saudi Arabia and the UAE have the capacity to divert a significant portion of their oil exports through pipelines, which would partially alleviate the adverse effects of any closure or major shipping disruptions in case the war in the Middle East expands. But, it said that Bahrain, Kuwait and Qatar, which do not have alternative export routes, would encounter a more challenging environment in the event of major shipping disruptions or a closure of the Strait of Hormuz.

Citi considered that downside risks to the economic prospects of GCC countries include their sensitivity to a global recession and economic downturns, uncertainties associated with the trajectory of oil production, and the escalation of geopolitical tensions in the Middle East.

Source: Citi Research

SAUDI ARABIA

Non-oil activity to contribute 61% of GDP by 2030

S&P Global Ratings indicated that Saudi Arabia is going through an unprecedented period of social, economic, and political reforms, which aim to diversify its economy away from hydrocarbons. It expected the non-oil sector's share of the economy to increase in the near- to medium term, supported by higher consumer spending, tourism receipts, and construction. It projected non-oil activity to contribute 60.6% to GDP in 2030 compared to 51.4% to GDP in 2023, and forecast government services to contribute 15.3% to GDP in 2030 relative to a contribution of 18.4% to GDP last year. Also, it expected the oil sector to contribute 24.1% to the country's GDP by the end of 2030, relative to a contribution of 30.2% to GDP in 2023, despite the gradual recovery of oil production by 2028 to 11 million barrels per day.

However, it indicated that the estimated aggregate costs of the Vision 2030 megaprojects exceed $1 trillion and are equivalent to almost 90% of Saudi Arabia's GDP, which would support economic growth in the next five years, although its effect on GDP will be partially contained due to a corresponding increase in the import of construction materials and reliance on external parties. Further, it pointed out that the government has announced its goal to boost the share of household spending on entertainment from about 2.9% currently to 6% by 2030. It added that the authorities aim to increase labor participation rates, which would raise household disposable income and, in turn, will boost consumption. Also, it said that the government is planning to increase the total number of domestic and international visitors to 150 million by 2030.

In addition, it noted that labor productivity growth in Saudi Arabia has been lagging developed and emerging economies for the past 20 years, but it expected that the Kingdom's ability to generate labor productivity growth through the implementation of Vision 2030 will remain a key factor in the authorities' economic diversification efforts in the long term.

Source: S&P Global Ratings

ECONOMY & TRADE

GCC

Agencies take rating actions on sovereigns

Fitch Ratings affirmed Kuwait's short- and long-term local and foreign currency issuer default ratings (IDRs) at 'F1+' and 'AA-', respectively. It also maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings are supported by the country's strong fiscal and external balance sheets. But it noted that they are constrained by Kuwait's political deadlock, its weaker-than-peers governance indicators, its heavy dependence on the oil sector, as well as the continued absence of meaningful fiscal adjustment and legislation to allow the issuance of debt and improve fiscal financing flexibility. It projected the sovereign's net foreign assets at 538% of GDP in 2024 and to average 553% of GDP in the 2025-26 period. Also, it said that it could downgrade the ratings in case liquidity pressure on the General Reserve Fund intensifies in the absence of a new debt law, and/or if the country's fiscal and external balances significantly deteriorate. In parallel, Capital Intelligence Ratings affirmed Oman's short- and long-term local- and foreign currency issuer ratings at 'B' and 'BB+', respectively, and revised the outlook on the long-term ratings from 'stable' to 'positive'. It attributed the outlook revision to the improvement in Oman's fiscal and external metrics due to ongoing fiscal consolidation and proactive debt management. It indicated that the ratings are supported by prudent economic policies, the relative soundness of the banking system, but it noted that the ratings are constrained by the economy's limited diversification and weak budget structure. It said that it could upgrade the ratings if public finances improve, while it may downgrade them if geopolitical risks increase and/or if the fiscal and external metrics deteriorate.

Source: Fitch Ratings, Capital Intelligence Ratings

TUNISIA

Economic outlook contingent on reforms

Barclays Capital projected Tunisia's real GDP growth rate to pick up from 2% in 2024 to 2.2% in 2025, as it expected the authorities to shift policy priorities to macroeconomic stability and to implement reforms that the International Monetary Fund (IMF) recommended, following the recently-held presidential elections. But it said that high debt servicing is still weighing on the fiscal balance this year due to the increase in the debt stock. It added that the share of external debt decreased from 63% of the total debt at end-2015 to 58% of total debt at end-June 2024, but it noted that the 2024 budget has a record gap of unidentified external funding during a year of lingering uncertainties on how to close the funding gap amid the election cycle, weak revenues performance, delayed talks with the IMF, and elevated sovereign premium. It noted that Tunisia's limited access to international capital markets has put excessive pressure on domestic borrowing, which increased to TND11.2bn this year. Also, it considered that the country's reliance on domestic funding to meet large external funding needs has increased feedback loops between the balance sheets of the government, the banks and of the Central Bank of Tunisia. However, it projected the fiscal deficit to narrow from 6.8% of GDP in 2024 to 6.6% of GDP in 2025, and for the public debt level to reach 79.4% of GDP at the end of 2024 and 2025. In addition, it forecast the current account deficit to decrease from 4.2% of GDP in 2024 and 3.9% of GDP in 2025.

Source: Barclays Capital

ETHIOPIA

Outlook on sovereign ratings revised to 'stable' on improved external financing

S&P Global Ratings upgraded Ethiopia's long-term local currency sovereign credit rating from 'CCC' to 'CCC+,' and revised the outlook on the ratings from 'negative' to 'stable'. It also affirmed its long-term foreign currency sovereign credit rating at 'Selective Default' (SD). It said that the 'stable' outlook on the local currency rating balances Ethiopia's increased availability of concessional external financing and the still-manageable cost of domestic debt, against its high gross borrowing needs. It considered that domestic debt will not fall under the scope of the prospective Eurobond restructuring plan under the Group of 20 Common Framework. It noted that the International Monetary Fund approved the $3.4bn Extended Credit Facility and disbursed the first $1bn tranche, and pointed out that Ethiopia's external financing gap of $10.7bn over the four-year program will likely be supported by external funding and external debt restructuring. It said that Ethiopia will remain dependent on favorable financial and economic conditions to continue to meet its local currency obligations. It added that significant reforms and an improving security situation will support the country's external financing and private capital inflows. Further, it forecast Ethiopia's gross external financing needs at 158.7% of current account receipts plus usable reserves in 2024, and at 167% and 153.6% of such receipts and reserves in 2025 and 2026, respectively. In parallel, it indicated that it could upgrade the local currency ratings if the macroeconomic imbalances moderate, while it may downgrade them if significant funding pressures emerge. It added that it could upgrade the foreign currency ratings once Ethiopia completes its external debt restructuring with a significant majority of its commercial creditors.

Source: S&P Global Ratings

PAKISTAN

External support dependent on reforms

Moody's Ratings projected Pakistan's real GDP growth rate to accelerate from 2.4% in the fiscal year that ended in June 2024 to 3% in FY2024/25, due to the large size of the economy that affords the country some diversification capacity. It said that its concerns about elevated risks of a balance of payments crisis materializing have diminished, although risks remain high, as Pakistan continues to rely on timely and sufficient disbursement of financing from official partners. It expected the Executive Board of the International Monetary Fund to approve a 37-month Extended Fund Facility of $7bn in the near term, which is likely to support Pakistan in unlocking additional financing from other multilateral and bilateral partners to meet its needs. It noted that foreign currency reserves surged from $4.4bn at end-June 2023 to $9.3bn on August 16, 2024, which is equivalent to less than two months of import coverage. It forecast Pakistan's external financing needs at about $26bn for FY2024/25, which consists of $22bn of external principal debt repayments and $4bn to finance the current account deficit. It anticipated Pakistan to be able to cover its financing needs with funding from official partners, although high uncertainties remain around the government's ability to sustain the implementation of reforms. It considered that slippages in reform implementation or results could lead to delays in or the withdrawal of financing support from official partners.

Source: Moody's Ratings

WORLD

Artificial Intelligence poses challenges and opportunities to financial markets

The International Monetary Fund considered that artificial intelligence (AI) can bring new opportunities and benefits to the global financial markets, such as improved price discovery, productivity enhancements, cost savings, better regulatory compliance, deepening markets, and more tailored products to clients. But it noted that AI could exacerbate traditional financial stability channels such as liquidity buffers, leverage, and interconnectedness. In addition, it indicated that the rise of AI means that regulators will need the tools to track developments in changing markets, given that financial markets are growing at a fast pace, and that it is crucial to make sure that they are ready to deal with the use of AI. It stated that regulators need to pay special attention to the technology interdependencies that AI is creating in the functioning of financial markets. It urged regulators to invest in supervisory technology that can use AI to process information and spot fraud and other potential problems. Also, it indicated that the use of AI could result in the continuing rise in the importance of non-bank institutions, particularly broker-dealers, trading firms and hedge funds, which are well-paced to take advantage of this new reality without being subjected to the burden of intrusive supervision.

Source: International Monetary Fund

UAE

Large banks' profits up 11% to $8.2bn in first half of 2024

Moody's Ratings indicated that the aggregate net profits of First Abu Dhabi Bank, Emirates NBD Bank, Abu Dhabi Commercial Bank, and Dubai Islamic Bank, which account for 74% of the assets of the UAE's banking sector, reached $8.2bn in the first half of 2024, constituting an increase of 10.8% from $7.4bn for the same period last year. It attributed the rise in the banks' net earnings to high single-digit growth in their interest and non-interest income, as business activity remained resilient in the face of the ongoing regional tensions. It noted that the four banks' combined non-interest income grew by 9.5% annually in the first half of 2024, due to an increase in fee-based activities and to a rise in revenues from trading portfolios. Further, it pointed out that the four banks' non-performing loans ratio regressed from 5.5% at end-June 2023 to 4.4% at end-June 2024, reflecting the strong operating environment in the country. It expected problem loans to remain at current levels, due to the significant share of distressed assets, to elevated sector and single borrower concentrations, as well as to foreign exposures to riskier jurisdictions on their loan books. It said that the banks' loan-loss provisioning charges declined by 76% year-on-year in the first half of 2024, as banks continue to benefit from favorable economic conditions in the UAE amid firm oil prices and robust activity in non-oil sectors. It added that elevated consumer confidence drove the early repayment and settlement of loans at the banks, while lower-than-expected credit losses reduced pressure on provisioning charges. In addition, it indicated that the four banks maintained strong capital buffers, given that their tangible common equity ratio stood at 15.1% and their Tier One capital ratio reached 16.2%, well above the regulatory minimum, at end-June 2024.

Source: Moody's Ratings

TÜRKIYE

Banks' ratings upgraded on improving access to capital markets

Fitch Ratings upgraded the long-term foreign currency Issuer Default Ratings (IDRs) of 12 Turkish banks from 'B' to 'BB-' and revised the outlook on the ratings from 'positive' to 'stable'. It upgraded the IDRs of seven banks from 'B' to 'B+' and the ratings of five banks from 'B-' to 'B', and maintained the 'positive' outlook on the ratings of 'B+'-rated banks and on most of the 'B'-rated banks. It attributed the upgrades to its similar action on the sovereign ratings. It noted that the ratings of the banks reflect their increased access to external capital markets in recent months, lower risk premiums, the suspension of foreign-currency swaps with the Central Bank of the Republic of Türkiye (CBRT), and the gradual decline in foreign currency and foreign currency-protected deposits, which decreased from 42% and 26% of total deposits, respectively, at end-August 2023, to 39% and 9%, respectively, at end-August 2024. Further, it pointed out that the 'positive' outlook takes into account the country's improving operating environment and its impact on the banks' business profiles. In addition, it upgraded the Viability Ratings (VRs) of four banks from 'b+' to 'bb-', the VRs of seven banks from 'b' to 'b+', and the VRs of five banks from 'b-' to 'b'. It also placed the 'b-' VRs of five banks on Rating Watch Positive due to their strong liquidity and capital buffers. It stated that the VRs capture the reduction in macroeconomic and financial stability risks, as well as the decrease in external financing pressures.

Source: Fitch Ratings

OMAN

Conservative regulatory framework mitigates banking sector risks

Moody's Ratings placed the Omani banking sector's Country Risk level in the "Weak+" category, along with Armenia, Bahrain, Bangladesh, Costa Rica, the Dominican Republic, Georgia, and Kenya. It indicated that the asset quality of banks in Oman is exposed to high credit concentrations of borrowers in the real estate and construction sectors, which reflect the country's limited economic diversification. It added that the Central Bank of Oman (CBO) estimated that banks have substantial direct and indirect exposure to the real estate and construction sectors at around 32% of their lending portfolio at end-2023. But it said that the conservative regulatory framework and low private-sector debt reduce the risks to financial stability from high credit concentrations, as the CBO imposes strict limits on cross-border transactions, foreign-currency and retail lending exposures, debt burden ratios, balance-sheet mismatch, and cash dividend distribution. Also, it anticipated lending activity to grow by 5% in 2024 relative to an increase of 3.8% in 2023. In addition, it expected Omani banks to remain primarily deposit-funded, with limited reliance on market funding, which reflects their significant reliance on large government-related deposits that accounted for 29% of total deposits at the end of June 2024. It noted that market funding for the rated banks at 9% of tangible banking assets at end-June 2024. Further, it said that the liquid assets of the banks it rates accounted for 24% of tangible banking assets at end-June 2024, up from 21% at end-2022, and that loans were equivalent to 97% of deposits at end-June 2024 compared to 107% of deposits at end-2022.

Source: Moody's Ratings

ENERGY / COMMODITIES

Oil prices to average $83.1 p/b in third quarter of 2024

ICE Brent crude oil front-month prices reached $73.5 per barrel (p/b) on September 25, 2024, constituting a decrease of 2.3% from $75.2 p/b on September 24, 2024, as worries about oil supply disruptions in Libya eased and concerns about demand from China persisted. However, fears about heightened tensions in the Middle East and concerns about another hurricane in the U.S. would threaten global oil supply in the near term, which could put upward pressure on oil prices. In parallel, the International Energy Agency forecast oil output from non-OPEC+ producers to increase by 1.5 million barrels per day (b/d) in each of 2024 and 2025, while it projected oil production by the OPEC+ coalition may to decrease by 810,000 b/d in 2024 but to rise by 540,000 b/d next year if voluntary cuts remain unchanged. It expected global refinery output to increase by 440,000 b/d to 83 million b/d in 2024 and by 630,000 b/d to 83.7 million b/d in 2025. Further, it anticipated global oil demand to grow by 900,000 b/d in 2024 and 950,000 b/d in 2025, while it forecast oil consumption in advanced economies at 2 million b/d in 2024, below its pre-pandemic level. In addition, it considered that the delays in unwinding oil production cuts by OPEC+ members gives the alliance time to further evaluate demand prospects for next year, measure the impact of Libyan outages, and assess its plan to phase out additional cuts of 2.2 million b/d by the end of 2025. In parallel, OPEC raised its oil demand growth forecast by 1.3 million b/d in the medium term compared to last year's growth forecasts to 1.1 million b/d, and expected global oil consumption to reach 113.3 million b/d by 2030 amid increased demand in the Middle East and China, which will more than offset lower consumption in the OECD, India and Africa. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 37 industry analysts, to average $83.1 p/b in the third quarter and $82 p/b in the fourth quarter of 2024.

Source: International Energy Agency, OPEC, Refinitiv, Byblos Research

Middle East accounts for 9.6% of world's global oil consumption in 2023

BP indicated that the Middle East region's aggregate demand for oil reached 9.65 million barrels per day (b/d) in 2023 compared to 9.4 million barrels b/d in 2022, and represented 9.6% of the world's oil demand. Consumption in Saudi Arabia totaled 4.05 million b/d, or 42% of the region's demand. Iran followed with 1.8 million b/d (18.8%), then the UAE with 1.14 million b/d (11.8%), Iraq with 0.87 million b/d (9.1%), and Kuwait with 0.4 million b/d (4.3%); while demand from other Middle Eastern countries reached 1.35 million b/d or 14% of the total.

Source: BP, Byblos Research

Global steel output down 5.2% in August 2024

Global steel production reached 144.8 million tons in August 2024, constituting decreases of 5.2% from 152.8 million tons in July 2024 and of 5.1% from 152.6 million tons in August 2023. Production in China totaled 77.9 million tons and accounted for 53.8% of global steel output in August 2024, followed by production in India with 12.3 million tons (8.5%), the U.S. with 7 million tons and Japan with 6.9 million tons (4.8% each), Russia with 5.8 million tons (4%), and South Korea with 5.5 million tons (3.8%).

Source: World Steel Association, Byblos Research

Base Metals: Zinc prices to average $2,809 per ton in third quarter of 2024

The LME cash prices of zinc averaged $2,682.1 per ton in the year-to-September 25, 2024 period, constituting a decrease of 0.8% from an average of $2,703.2 a ton in the same period of 2023, due to weak demand for zinc from China. Prices dropped from a peak of $3,085.2 per ton on May 21, 2024 to $2,963.4 a ton in September 25, 2024, driven by the oversupply of the metal. In parallel, S&P Global Market Intelligence projected the global supply of refined zinc at 13.9 million tons in 2024, which would constitute an increase of 1.5% from 13.7 million tons in 2023, with mine output representing 90.2% of the total. Also, it forecast the global demand for refined zinc at 13.82 million tons in 2024, which would represent a rise of 2.4% from 13.5 million tons in 2023. As such, it anticipated the surplus in the zinc market to decrease from 216,000 tons in 2023 to 98,000 tons in 2024, as smelters in China struggle to maintain output amid reduced profitability. In addition, it expected robust supply in the zinc market to persist, which would weigh on the metal's price in the near term, while it anticipated the ongoing geopolitical tensions to support prices in the near term. Further, it forecast zinc prices to average $2,809 per ton in the third quarter and $2,760 a ton in the fourth quarter of 2024.

Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,475 per ounce in third quarter of 2024

Gold prices averaged $2,290.4 per ounce in the year-to-September 25, 2024 period, constituting an increase of 18.5% from an average of $1,932.8 an ounce in the same period last year, due mainly to the rise in purchases of gold by emerging market central banks and individual investors that have boosted demand, and to the increase in persistent geopolitical tensions. Also, gold prices reached an all-time high of $2,660.3 per ounce on September 25, 2024 due to interest rate cuts by major central banks and to heightened tensions in the Middle East, given the recent Israeli airstrikes on Lebanon, which reinforced the appeal of the metal as a safe haven for investors. In parallel, S&P Global Market Intelligence expected the developments of the war in Ukraine and the conflicts in the Middle East that point to heightening and broadening geopolitical instability, as well as the uncertainties around the upcoming U.S. presidential elections, to put upward pressures on gold prices in the near term. It noted that inflows into physically-backed gold exchange traded funds increased in all regions in August 2024 and expected these flows to continue to rise in the near term. Also, it anticipated the mine supply of gold to increase from 103.5 million ounces in 2024 to 107.2 million ounces in 2025, driven by higher supply from Canada, Mexico, Brazil, the U.S., and Papua New Guinea. Further, it projected gold prices to average $2,475 per ounce in the third quarter of 2024.

Source: 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- Stable	B3 Positive	B- Stable	- -	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B- Positive	Caa1 Positive	B- Positive	B Stable	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	CCC+ Stable	Caa3 Stable	CCC- -	- -	-2.9	26.2	0.5	33.4	7.8	157.9	-3.4	2.0
Ghana	SD -	Ca Stable	RD -	- -	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB- Positive	Ba2 Stable	BB- Stable	- -	-4.5	57.7	4.7	47.6	15.7	112.3	-4.4	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-2.5	15.0	1.4	5.1	2.0	102.1	-5.6	4.2
Morocco	BB+ Positive	Ba1 Stable	BB+ Stable	- -	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
Nigeria	B- Stable	Caa1 Positive	B- Stable	- -	-4.4	47.4	2.9	41.7	23.3	113.6	0.5	0.1
Sudan	- -	- -	- -	- -	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	- -	Caa2 Negative	CCC+ -	- -	-5.6	88.7	-	-	26.1	-	-2.7	-1.1
Burkina Faso	CCC+ Stable	- -	- -	- -	-5.5	61.8	0.5	64.8	12.3	168.7	-3.6	0.5
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.8	68.0	3.6	22.5	9.6	111.1	-10.6	3.5
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ Stable	-4.0	120.8	-4.1	148.5	26.5	363.8	3.7	1.0
Iran	- -	- -	- -	B Stable	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.5	38.3	20.3	4.0	2.0	33.0	11.5	-1.8
Jordan	BB- Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.1	90.6	1.9	69.7	10.9	151.6	-4.6	1.8
Kuwait	A+ Stable	A1 Stable	AA- Stable	AA- Stable	-2.1	4.7	2.8	41.3	0.4	97.3	19.4	-3.0
Lebanon	SD -	C -	RD** -	- -	-0.2	270.6	9.0	165.9	6.5	151.4	-9.5	0.5
Oman	BB+ Stable	Ba1 Positive	BB+ Stable	BB+ Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA Stable	Aa2 Stable	AA- Positive	AA Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A Positive	A1 Positive	A+ Stable	A+ Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	- -	- -	- -	- -	-	49.0	-	-	-	-	-15.5	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	- -	- -	- -	- -	-2.7	50.7	-	-	-	-	-19.2	-2.3

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	BB-	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+	Caa2	CCC+	-								
	Stable	Positive	-	-	-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	BB-	B+								
	Positive	Positive	Stable	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*

***Fitch withdrew the ratings of Lebanon on July 23, 2024*

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	5.00	18-Sep-24	Cut 50bps	07-Nov-24
Eurozone	Refi Rate	3.65	12-Sep-24	Cut 60bps	N/A
UK	Bank Rate	5.00	19-Sep-24	No change	07-Nov-24
Japan	O/N Call Rate	0.25	31-Jul-24	Raised 15bps	31-Oct-24
Australia	Cash Rate	4.35	06-Aug-24	No change	05-Nov-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	4.25	04-Sep-24	Cut 25bps	23-Oct-24
Emerging Markets					
China	One-year Loan Prime Rate	3.35	20-Sep-24	Cut 10bps	21-Oct-24
Hong Kong	Base Rate	5.25	02-May-24	Cut 50pbs	N/A
Taiwan	Discount Rate	2.00	13-Jun-24	No change	N/A
South Korea	Base Rate	3.50	22-Aug-24	No change	11-Oct-24
Malaysia	O/N Policy Rate	3.00	05-Sep-24	No change	16-Nov-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	4.90	18-Sep-24	Cut 50bps	N/A
Saudi Arabia	Repo Rate	5.50	18-Sep-24	Cut 50bps	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	19-Sep-24	No change	17-Oct-24
South Africa	Repo Rate	8.00	19-Sep-24	Cut 25bps	N/A
Kenya	Central Bank Rate	12.75	06-Aug-24	Cut 25bps	N/A
Nigeria	Monetary Policy Rate	27.25	24-Sep-24	Raised 50bps	N/A
Ghana	Prime Rate	29.00	29-Jul-24	No change	30-Sep-24
Angola	Base Rate	19.50	19-Sep-24	No change	N/A
Mexico	Target Rate	10.75	08-Aug-24	No change	26-Sep-24
Brazil	Selic Rate	10.75	18-Sep-24	Raised 25bps	N/A
Armenia	Refi Rate	7.50	10-Sepl-24	Cut 25bps	N/A
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	19-Sep-24	No change	N/A
Russia	Refi Rate	19.00	13-Sep-24	Raised 100bps	25-Oct-24

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