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NEWS HEADLINES

WORLD

Equity capital markets activity up 8% to $445bn in first nine months of 2024

Global equity capital markets (ECM) activity reached $444.9bn in the first nine months of 2024, constituting an increase of 7.5% from $413.8bn in the same period last year; while the number of ECM deals stood at 3,454 transactions in the first nine months of 2024 and decreased by 3.2% from 3,570 offerings in the first nine months of 2023. Also, ECM issuance in the U.S. totaled $157.2bn and accounted for 35.3% of total ECM offerings in the first nine months of 2024, followed by the Asia-Pacific excluding Australia with $116.2bn (26%), Europe, the Middle East and Africa (EMEA) with $112.5bn (25.3%), Japan with $28.4bn (6.4%), Australia with $12.7bn (2.9%), and Latin America with $6.4bn (1.4%). Further, the industrial sector accounted for $67.7bn or 15.2% of the aggregate value of ECM activity in the covered period, followed by high tech companies with $58.7bn (13.2%), financial institutions with $44.8bn (10.1%), the energy and power sector with $44.3bn (10%), the healthcare sector with $41.9bn (9.4%), the materials industry with $9.5bn (2.1%), the retail sector with $8.8bn (2%), and telecommunications firms with $8.5bn (1.9%). Also, industrial firms had 486 offerings and represented 14% of the total number of deals in the first nine months of 2024, followed by high tech companies with 390 offerings (11.3% of the total), financials with 212 offerings (6.1%), the materials sector with 164 deals (4.7%), the healthcare sector with 147 offerings (4.3%), the energy and power industry with 98 offerings (2.8%), the retail sector with 33 deals (1%), and telecommunications firms with 28 offerings (0.8%).

Source: Refinitiv

Corporate debt at $24 trillion at end-June 2024

S&P Global Ratings indicated that the volume of rated corporate debt globally reached $23.98 trillion (tn) at the end of June 2024, constituting an increase of $776.4bn, or of 3.3%, from $23.2tn at the end of June 2023. It noted that the volume of rated corporate debt in the 'BBB' category stood at $9.1tn at end-June 2024 and accounted for 37.8% of the total, followed by companies in the 'A' bracket with $7.15tn (29.8%), firms in the 'BB' range with $2.4tn (10%), corporates in the 'B' segment with $2.37tn (10%), firms in the 'AA' bracket with $1.7tn (7.2%), companies in the 'AAA' range with $767.4bn (3.2%), and corporates in the 'CCC' segment with $502bn (2%). As such, it pointed out that investment-grade debt stood at $18.7tn at end-June 2024 compared to $18tn a year earlier and accounted for 78% of rated corporate debt, while non-investment-grade debt reached $5.3tn relative to $5.2tn at end-June 2023 and represented 22% of the total. In addition, it said that the outstanding bonds of non-financial firms totaled $15.15tn at end-June 2024 and accounted for 63.2% of rated corporate debt, while the bonds of financial institutions amounted to $8.8tn (36.8% of total). It pointed out that investment-grade bonds of non-financial firms stood at $10.6tn at end-June 2024, while non-investment grade bonds of non-financial firms reached $4.5tn. It noted that the investment-grade bonds of financial companies amounted to $8.1tn, while their non-investment grade bonds totaled $748.5bn at end-June 2024.

Source: S&P Global Ratings

GCC

Retail sales to reach $397bn in 2028

Alpen Capital projected retail sales in the Gulf Cooperation Council (GCC) countries to grow at a compound annual growth rate (CAGR) of 4.6% during the 2023-28 period. It estimated retail sales at $309.6bn in 2023, and forecast them at $321.2bn in 2024, $350.4bn in 2026, and $386.9bn in 2028. It expected the increase in retail sales to be driven by the region's population growth, the rise in per capita income, and a surge in tourist arrivals. Also, it projected non-food retail sales to rise from $182.5bn in 2023 to $225bn in 2028, and to grow at a CAGR of 4.3% in the 2023-28 period; while it forecast food retail sales to increase from $127.2bn in 2023 to $161.9bn, and to post a CAGR of 5% in the covered period. It estimated that food and non-food sales accounted for 41% and 59%, respectively, of retail sales in 2023 and forecast them to represent 41.8% and 58.2%, respectively, of retail sales in 2028. It anticipated retail sales in Saudi Arabia to reach $161.4bn or 41.7 % of total GCC retail sales in 2028, followed by sales in the UAE with $139.1bn (36%), Qatar with $25.8bn (6.7%), Kuwait with $24.6bn (6.4%), Bahrain with $21.7bn (5.6%), and Oman with $14.3bn (3.7%). Also, it forecast retail sales in the UAE to grow at a CAGR of 5.4% between 2023 and 2028, followed by Saudi Arabia (+5.1%), Kuwait and Bahrain (+3.1% each), Qatar (+2.2%), and Oman (+1%). It anticipated non-food retail sales in UAE to account for 39.3% of total GCC non-food retail sales in 2028, followed by non-food sales in the Saudi Arabia (38.7%), Bahrain (7.6%), Kuwait (5.9%), Qatar (5.3%), and Oman (3.1%). In addition, it forecast duty free sales at GCC airports to reach $4.7bn by 2028 and to grow at a CAGR of 9.3% during the 2023-28 period.

Source: Alpen Capital

Fixed income issuance up 69% to $151.3bn in first nine months of 2024

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $151.3bn in the first nine months of 2024, constituting a surge of 68.7% from $89.7bn in the same period of 2023. Fixed income issuance in the first nine months of the year consisted of $56.6bn in corporate bonds, or 37.4% of the total, followed by $37.4bn in sovereign sukuk (24.7%), $31bn in sovereign bonds (20.5%) and $26.3bn in corporate sukuk (17.4%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $82.9bn in the first nine months of 2024, or 54.8% of fixed income output in the region; while issuance by GCC sovereigns reached $68.4bn, or 45.2% of the total. GCC sovereigns issued $30.5bn in bonds and sukuk in January, $2.3bn in February, $2bn in March, $14.1bn in April, $8.6bn in May, $5.8bn in June, $2.8bn in July, $1.5bn in August, and $0.8bn in September 2024. Also, GCC companies issued $13.6bn in bonds and sukuk in January, $8.2bn in February, $10.5bn in March, $4.6bn in April, $7.9bn in May, $7bn in June, $17.3bn in July, and $2.3bn in August, and $11.5bn in September 2024.

Source: KAMCO, Byblos Research

EMERGING MARKETS

Economic activity to benefit from monetary easing in advanced economies

S&P Global Ratings considered that the interest rate cuts by the U.S. Federal Reserve and the prospects for faster monetary easing will likely lead to the improvement of financing conditions in emerging markets (EMs) as long as benchmark interest rates decrease, inflation expectations remain anchored, and the U.S. economy continues its soft landing. As such, it projected the real GDP growth rate in EMs at 4.2% in 2024 and 4.3% in 2025. It anticipated economic activity in Emerging Asia to grow by 4.9% this year and by 5% in 2025 and for real GDP growth in emerging Europe, the Middle East & Africa to expand by 2.4% in 2024 and 3.1% next year. Also, it forecast economic growth in Latin America at 1.4% in 2024 and 2.1% in 2025. It added that declining inflation and policy rates should help reduce borrowing costs for EM issuers. It expected a strong appetite for EM debt in the near term if the U.S. economic slowdown is moderate and if the economic recovery of the European Union materializes.

In parallel, it noted that downside risks to the EM outlook include the implications of the U.S. upcoming presidential election on trade and fiscal policy, a more rapid-than-expected slowdown in the U.S. economy, ongoing economic weakness in China, and persistent uncertainties about domestic policies in several EMs. It also considered that an expansionary U.S. fiscal policy could increase inflation rates and long-term U.S. Treasury yields, which would tighten financial conditions in EMs. Further, it pointed out that risks from increasing geopolitical tensions remain high and could worsen in 2025, which could disrupt supply chains and the production of important commodities, increase energy and shipping costs, and directly weigh on economic activity in EMs. Further, it said that recent policy choices across many EM economies have raised investors' concerns about policy paths on how governments plan to address growing fiscal challenges, while trying to meet growing social demands. In addition, it noted that a slowdown in growth in advanced economies could become a drag on global trade and would affect EM exporters by reducing trade volumes, portfolio flows, and foreign direct investments.

Source: S&P Global Ratings

MENA

Countries' credit metrics contingent on level of geopolitical risks

S&P Global Ratings expected that the recent intensification of hostilities in the Middle East will weigh on energy prices, trade-route security, tourism revenues, and remittance inflows to the region, and would lead to potential capital outflows from the Middle East, depending on the intensity level of the conflict. Under its modest stress scenario, it indicated that the current escalation of direct inter-state hostilities between Iran and Israel would last less than three months, which would have a limited impact on the credit metrics of the countries in the region. In its moderate stress scenario, it pointed out that a series of escalatory attacks between Israel and Iran would threaten regional security in the near term, and will affect temporarily economic growth, energy prices and key trade routes, such as the Strait of Hormuz and Bab al-Mandeb, and will have a limited impact on the fiscal and external credit metrics of Middle Eastern economies.

In its high stress scenario, it considered that persistent and intense cycles of attacks between Israel and Iran would lead to a material impact on macroeconomic stability in the Middle East, including more prolonged closures of trade routes, and greater stress on transmission channels such as energy prices, security expenditures, tourism flows, and capital outflows. Further, under its severe stress scenario, it expected that the regional and non-regional allies of Israel and Iran would participate in the conflict, which would significantly increase energy prices and raise risks to export volumes amid persistent threats to trade routes, which, in turn, would impact regional macroeconomic stability and the sovereigns' fiscal and external metrics. It considered that significant trade disruptions could increase oil prices and pose fiscal pressure on energy importers, although higher oil prices could mitigate the risk for oil exporting countries if the risks of blocking export routes or disrupting oil production facilities remain contained. But it said that it continues to assume that a protracted and direct conflict between Iran, Israel and the U.S. will not materialize.

Source: S&P Global Ratings

EGYPT

Outlook on external sector dependent on energy balance

The National Bank of Kuwait considered that the suspension of liquefied natural gas (LNG) exports from Egypt in May 2024, along with the current and projected increase in the import of LNG in the coming two years, will materially affect the country's current account balance. As such, it anticipated the trade deficit to widen by 20% to $44bn, or 12.5% of GDP, in the fiscal year that ends in June 2025 and to $51bn, or 13.2% of GDP FY2025/26. As a result, it projected the current account deficit to widen from an earlier forecast of 4.4% of GDP to 7.1% of GDP in FY2024/25 and to reach 6.4% of GDP in FY2025/26. Further, it expected that the elevated imports could result in the contraction of the economy by 4% in FY2024/25 and 4.7% in FY2025/26.

In addition, it noted that Egypt is currently suffering from severe energy shortages that the authorities are managing by a combination of planned electricity cuts and increased imports of natural gas, amid rising energy consumption. It indicated that the manufacturing, construction and transportation sectors, which account for 37% of GDP, are currently operating below their capacity. It considered that the country's total gas production will need to rise by 15% to at least 6.8 billion cubic feet per day to allow sectors to operate at a higher capacity without the risk of energy bottlenecks across the economy. Also, it said that expanding and strengthening the infrastructure to facilitate more LNG imports will allow Egypt to reduce its reliance on a single supplier and to react faster to regional or international geopolitical developments. Further, it considered that Egypt will need to accelerate its energy investment plans to avoid a larger scale repeat of the current conditions in the energy sector in the medium- to long term.

In parallel, it pointed out that downside risks to the outlook consist of higher global energy prices and heightened geopolitical risks in the region, as well as a return to a fixed exchange rate regime. But it considered that a faster recovery of production at the Zohr field constitutes the main upside risk in the short term.

Source: National Bank of Kuwait

SAUDI ARABIA

Government forecasts fiscal deficit to average 2.8% of GDP in 2024-27 period

Citi Research indicated that the Saudi government's Pre-Budget Statement (PBS) for 2025 reduced the Kingdom's real GDP growth forecast for this year to 0.8% from 4.4% in the previous PBS, and projected it at 4.6% in 2025, 3.5% in 2026 and 4.7% in 2027. Further, it forecast the central government's budget deficit at SAR118bn or 2.9% of GDP in 2024 compared to a deficit of SAR79bn or 1.9% of GDP in the previous PBS, and at 2.3% of GDP in 2025, 2.9% of GDP in 2026 and 3% of GDP in 2027. Further, it said that the PBS projected public expenditures to decline from an estimated 33.1% of GDP in 2024 to 29.5% of GDP in 2025 and to stabilize at about 30% of GDP in 2026 and 2027; while it estimated public revenues at 30.2% of GDP in 2024 and forecast them at 27.2% of GDP in 2025 and at around 27% of GDP in the 2026-27 period. However, Citi considered that lower oil revenues due to lower hydrocarbon prices and the downward adjustment in production under the recent OPEC+ decisions, would lead to a deficit of 2.7% of GDP in 2024 and to wider-than-projected deficits in the 2025-27 period. It added that Saudi Arabia has a solid fiscal position underpinned by a low public debt level, strong borrowing capacity and considerable financial buffers.

Source: Citi Research

OMAN

Sovereign ratings upgraded on improved public finances

S&P Global Ratings upgraded Oman's long-term foreign and local currency sovereign credit ratings from 'BB+' to 'BBB-', which is one notch above investment-grade, and revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed the upgrade to the continued strengthening of Oman's public finances and to the ongoing deleveraging of many state-owned enterprises. It said the 'stable' outlook balances the potential benefits of the government's fiscal and economic reforms program with the economy's structural sensitivity to adverse oil price shocks. It noted that the government's fiscal position is highly dependent on oil price movements but is resilient to shocks, as the authorities remain committed to rationalizing expenditures and mobilizing non-hydrocarbon revenues through forthcoming measures such as imposing a personal income tax and phasing out energy subsidies. As such, it expected the fiscal surplus to average 1.9% of GDP in the 2024-27 period, and anticipated the government's fiscal and economic reforms momentum to continue during the covered period. Further, it forecast the country's gross external financing needs at 111.7% of current account receipts and usable reserves in 2024, as well as at 112% of such receipts and reserves in 2025, 111.8% in 2026, and 111.6% in 2027. In parallel, it said that it may downgrade the ratings if the implementation of fiscal and economic reforms slows down, and/or if an unfavorable external environment results in higher fiscal deficits and net debt levels. In contrast, it noted that it could upgrade the ratings if reforms lead to a steady growth in Oman's GDP per capita supported by continued momentum in non-oil growth, and/or if measures related to economic diversification and the development of domestic capital markets improve.

Source: S&P Global Ratings

GHANA

Structural reforms critical to sustain macroeconomic stability

The International Monetary Fund (IMF) indicated that Ghana's economic activity was robust in the first half of 2024, and was driven by a recovery in the mining, construction, and information & communication sectors. It noted that the inflation rate continues to decline and that the authorities are committed to maintaining a tight monetary policy stance to support the decrease in inflation. Further, it pointed out that the fiscal and external positions improved significantly, as the government is on track to post a primary surplus on a commitment basis of 0.5% of GDP in 2024, despite emerging spending pressures from the recent drought in the north of the country and difficulties in the energy sector. It indicated that Ghana has made remarkable progress on its public debt restructuring, as the government has just announced the successful completion of the consent solicitation to restructure its Eurobonds, with the exchange expected to take place in the coming weeks. It added that the authorities are committed to pursuing their efforts to reach an agreement with other commercial external creditors on a debt treatment that is consistent with the IMF program's parameters and with the comparability of treatment principles. In addition, it noted that the external sector has improved considerably this year, driven by the strong exports of gold and elevated remittance inflows, which led to the accumulation of foreign currency reserves beyond the IMF program's target. In parallel, it urged the authorities to continue the implementation of the policy and reforms agenda in order to fully restore macroeconomic stability and debt sustainability.

Source: International Monetary Fund

CÔTE D'IVOIRE

Credit profile supported by strong growth and fiscal performance

In its periodic review of Côte d'Ivoire's credit profile, Moody's Ratings indicated that the sovereign's long-term issuer rating of 'Ba2' is supported by the country's robust growth prospects, strong fiscal fundamentals, and stability from participation in the West African Economic and Monetary Union. Further, it said that the economic strength assessment of 'ba1' takes into account the economy's increasing resilience, diversification and strong growth prospects, against its small size and relatively low per capita income. It indicated that the institutions and governance strength assessment at 'ba2' reflects the weak institutional quality and governance indicators, along with improving policy effectiveness and macroeconomic stability. Also, it stated that the 'ba3' fiscal strength assessment points to the prudent fiscal management framework, ongoing fiscal consolidation efforts supported by the $3.5bn program with the IMF, and the credibility of the peg of the CFA Franc to the euro that benefits from the guarantee of the French Treasury. It added that the susceptibility to events risk's assessment of 'baa' is driven by political risks due to a history of domestic political tensions, youth unemployment, and regional disparities, as well as by government liquidity risks due to the latter's increasing reliance on commercial debt. It noted that the 'stable' outlook on the rating takes into account potential credit risks from rising political tensions in West Africa as well as the country's strong economic performance and increasing income levels.

Source: Moody's Ratings

BANKING

WORLD

Monetary easing cycle to continue in next 12 months

Goldman Sachs indicated that 51.3% of central banks in developed markets and 24.2% of central banks in emerging markets have reduced their policy rates in the last three months. Further, it forecast that global central banks will lower their policy rates from 4.5% to 4.1% on a GDP-weighted basis by end-2024. Also, it expected that central banks in developed markets will cut their interest rates by an average of 136 basis points (bps) in the next 12 months. As such, it anticipated the Bank of England to lower its rate by 200 bps until it reaches a 3% terminal rate in September 2025. Also, it projected the U.S. Federal Reserve to cut its policy rate by 150 bps from November 2024 to June 2025, and for the European Central Bank to lower its interest rate by 150 bps until reaching 2% in June 2025. But it projected the Bank of Japan to increase its key interest rate by 25 bps. Also, it forecast central banks in emerging markets to reduce interest rates by an average of 143 bps in the coming 12 months. It anticipated central banks in the Central and Eastern Europe, the Middle East & Africa region excluding Türkiye to lower their policy rates by 149 bps, those in Latin America to cut their interest rates by 23 bps, and central banks in Asia to lower their key policy rates by eight bps. In parallel, it noted that it its forecasts of policy rate for end-2024 are below the market consensus in 55% of economies and above the market consensus in 27% of economies worldwide. It added our end-2024 forecasts are above market pricing in 60% and lower in just 20% of DMs, while its projections for EM policy rates are broadly in line with the market's pricing.

Source: Goldman Sachs

SAUDI ARABIA

Lending growth to remain strong in medium term

Regional investment bank EFG Hermes projected the profits of the 10 largest Saudi banks to increase by 11% in 2024 and by 10% in 2025, and for their net interest income to rise by 7% this year and by 12% in 2025. Further, it expected lending growth to average 11.5% in the 2024-25 period, as it anticipated an increase in corporate loans driven by capital expenditures linked to the giga projects, and a rise in retail loans amid higher employment and lower interest rates. It considered that the growth in mortgages could be higher-than-expected if a foreign ownership law makes it easier for expatriates to buy residential property in the Kingdom. Further, it expected corporate loans to grow by 12%, retail lending to increase by 6% and mortgages to rise by 10% this year; while it forecast corporate loans to expand by an average of 10.2%, retail lending to grow by an average of 6.8% and mortgages to increase by an average of 9.6% in the 2025-29 period. It anticipated the banks' cost of risk at 33 basis points (bps) in 2024 and 45 bps in 2025. Also, it said that banks have increased their reliance on wholesale funding and debt capital market transactions due to slow deposit growth. It noted that the growth of private sector deposits has slowed after the COVID-19 pandemic, while government deposits increased to 30% of total deposits by end-2023. As such, it pointed out that the loans-to-deposits ratio stood at 106% at end-July 2024 compared to about 87% at end-2019. Also, it expected the average return on assets of the covered banks to reach 1.91% in 2024 and 1.84% in 2025.

Source: EFG Hermes

UAE

Agencies take rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Abu Dhabi Islamic Bank (ADIB) and HSBC Bank Middle East (HBME) at A+' and the IDRs of Dubai Islamic Bank (DIB) and Mashreqbank (Mashreq) at 'A', and maintained the 'stable' outlook on the long-term ratings. It indicated that ADIB, DIB and Mashreq benefit from a strong probability of government support in case of need. Further, it upgraded the Viability Rating (VR) of ADIB from 'bb' to 'bb+', the VR of DIB from 'bb+' to 'bbb-', and the VR of Mashreq from 'bbb-' to 'bbb' due to improvements in their asset quality metrics and to favorable operating conditions in the UAE. It noted that the ratings of the four banks are supported by their solid liquidity profile, good funding, and healthy profitability. It pointed out that the ratings of HSBC and Mashreq are underpinned by their sound capitalization, while the ratings of ADIB and DIB reflect their moderate capital ratios. In parallel, Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Abu Dhabi Commercial Bank (ADCB) and Emirates NBD (ENBD) at 'A+', and the ratings of Bank of Sharjah (BOS) at 'BBB+'. Further, it affirmed the Bank Standalone Rating (BSR) of ADCB at 'bbb+', the BSRs of ENBD at 'bbb', and the BSR of BOS at 'bb+'. Also, it maintained the 'stable' outlook on the long-term foreign currency ratings and BSRs of the three banks. It pointed out that the ratings of the three banks are supported by their good capital ratios and comfortable liquidity metrics. It added that the ratings of ADCB and ENBD reflect their solid profitability, while the rating of BOS takes into account its improved profitability metrics.

Source: Fitch Ratings, Capital Intelligence Ratings

TUNISIA

Banks facing challenging operating environment

Fitch Ratings indicated that weak operating conditions and a tough regulatory environment are constraining lending growth and the profitability of Tunisian banks, and expected this trend to continue in 2025 due to political and social risks, modest economic activity, and persistently high inflation rates. It stated that rising interest rates have slightly supported the sector's profitability, as most corporate loans carry floating rates. But it noted that the banks' lending increased by 1% in the first five months of 2024 relative to a growth rate of 2% in 2023, as weak economic activity, political uncertainties, and high interest rates discouraged demand for credit. It pointed out that the banks' asset quality metrics continued to deteriorate, as the non-performing loans ratio stood at 14% at end-June 2024 compared to 13.6% at end-2023. Also, it estimated that the banking sector's sovereign exposure reached 20% of its assets at end-February 2024, mainly through holdings of government securities and loans to the Ministry of Finance. Further, it said that the banks' liquidity remains adequate amid limited lending activity. It added that the banks' reliance on funding from the Central Bank of Tunisia declined from TND7.6bn at end-2023 to TND6.9bn at end-May 2024 as a result of better liquidity conditions. In addition, it indicated that the sector's return on equity rose from 9.1% in 2022 to 10.8% in 2023, but estimated that the ratio decreased by at least 100 basis points (bps) in the first half of 2024 due to higher provisioning requirements.

Source: Fitch Ratings

Oil prices to average $81 p/b in 2024

ICE Brent crude oil front-month prices reached $76.6 per barrel (p/b) on October 9, 2024, constituting an increase of 3.6% from $73.9 p/b a week earlier, due to escalating tensions between Israel and Iran and to Hurricane Milton that is disrupting energy infrastructure in Florida. In parallel, under its baseline scenario, the Institute of International Finance (IIF) expected that oil supply from the Middle East, which accounts for 30% of global oil production, will continue to flow largely uninterrupted, leading to continued weaker oil prices as global oil demand growth slows down. But it forecast oil prices to increase modestly to around $80 p/b by the end of this year, driven by the potential decline in global oil inventories. Further, it projected global oil consumption at 0.8 million barrels per day (b/d) in 2024 and 0.7 million b/d in 2025, driven by higher demand from Asian emerging economies, excluding China. It noted that the continued improvement in fuel efficiency and the growing share of electric vehicles, particularly in China, are reducing global demand per capita for motor gasoline. Also, it expected the global oil supply to increase by 1.7 million b/d in 2025 due to continued production growth in non-OPEC+ countries and to modest increase in OPEC+ output next year. It anticipated Saudi Arabia's oil production to increase by 4.5% in 2025. In its pessimistic scenario, the IIF forecast oil prices to exceed $100 p/b, as supply chains could become massively disrupted and infrastructure could be damaged from intensified attacks between Israel and Iran, and that could implicate the U.S. Further, it projected oil prices to average $81 p/b in 2024.
Source: IIF, Refinitiv, Byblos Research

Middle East accounts for 31.5% of global oil production in 2023

BP indicated that the Middle East region's aggregate production of oil reached 30.36 million barrels per day (b/d) in 2023 compared to 30.84 million barrels b/d in 2022, and represented 31.5% of the world's oil production. Production in Saudi Arabia totaled 11.39 million b/d, or 37.5% of the region's output. Iran followed with 4.66 million b/d (15.4%), then the Iraq with 4.36 million b/d (14.3%), UAE with 3.92 million b/d (12.9%), and Kuwait with 2.9 million b/d (9.6%); while production from other Middle Eastern countries reached 3.13 million b/d or 10.3% of the total.
Source: BP, Byblos Research

Demand for natural gas to increase by 2.6% in 2024

The International Energy Agency projected global natural gas demand to reach 4,200 billion cubic meters (bcm) in 2024, constituting a rise of 2.6% from 4,093 bcm in 2023. It forecast demand for natural gas in North America at 1,169 bcm and to represent 27.8% of the world's aggregate demand in 2024, followed by the Asia Pacific region with 948 bcm (22.6%), Eurasia with 656 bcm (15.6%), the Middle East with 610 bcm (14.5%), Europe with 488 bcm (11.6%), Africa with 180 bcm (4.3%), and Central and South America with 148 bcm (3.5%).
Source: International Energy Agency, Byblos Research

Middle East accounts for 4.9% of global electricity's generation in 2023

BP indicated that the Middle East region's aggregate electricity generation reached 1,463.4 Terawatt-hours (TWh) in 2023, up by 5.1% from 1,392.2TWh in 2022, and represented 4.9% of the world's electricity output. The region generated 70.3% of its electricity from natural gas, followed by fuel oil (21%), renewables energy (2.8%), nuclear energy (2.7%), hydroelectric power (2%), and coal (1.3%).
Source: BP, Byblos Research

Base Metals: Aluminum prices to average $2,400 per ton in fourth quarter of 2024

The LME cash price of aluminum averaged $2,378.8 per ton in the year-to-October 9, 2024 period, constituting an increase of 4.7% from an average of $2,273 a ton in the same period last year, due to increasing global demand for the metal. Further, aluminum prices reached a high of $2,721.1 per ton on May 29, 2024 following the ban from the London Metal Exchange on Russian metal exports, and due to expectations of increased demand for non-ferrous metals due to the energy transition. Prices then decreased to $2,525.2 a ton on October 9, 2024 due to oversupply and weak demand. In parallel, Citi Research projected the primary supply of aluminum at 72.3 million tons in 2024, which would constitute an increase of 2.3% from 70.7 million tons in 2023. Also, it forecast the primary demand for the metal at 71.9 million tons this year, which would represent an increase of 2.5% from 70.1 million tons in 2023. In its base case scenario, it expected the price of the metal to average $2,400 per ton in the fourth quarter of 2024, driven by lower manufacturing activity globally and uncertainties about the U.S. presidential election. Also, it anticipated aluminum prices to surge to $2,750 per ton in 2025, given the strong potential for substituting copper with aluminum in the coming years. Further, in its bear case scenario, it forecast aluminum prices to average $2,200 per ton to $2,300 a ton this year if higher tariff weigh heavily on global manufacturing activity; while in its bull case scenario, it projected aluminum prices to rise to $2,900 per ton in the fourth quarter of 2024, driven by weaker seasonal supply of the metal and a stronger rebound in global manufacturing activity. Also, it forecast aluminum prices to average $2,400 per ton in the fourth quarter of 2024, with a low of $2,250 a ton and a high of $2,900 per ton in the covered quarter.
Source: Citi Research, Refinitiv, Byblos Research

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

Platinum prices averaged $952.9 per troy ounce in the year-to-October 9, 2024 period, constituting a decrease of 2.8% from an average of $980.8 an ounce in the same period last year due to weaker global industrial demand. Also, platinum prices reached $1,065 an ounce on May 17, 2024, their highest level since May 23, 2023 when they reached $1,066 an ounce. The jump in the metal's price was due to a deeper-than-expected deficit in the platinum market caused by lower supply from mines in Russia and South Africa, as well as to the announcement by global mining company Anglo American that it will exit the platinum mining industry. However, prices decreased to $949 per ounce on October 9, 2024 due to weak global demand. In parallel, Citi Research projected global demand for platinum to reach 7.46 million ounces in 2024, down by 0.6% from 7.51 million ounces in 2023. Also, it forecast the global supply of platinum to decline by 2% from 7.04 million ounces in 2023 to 6.9 million ounces in 2024, with mine output representing 78.8% of global refined platinum production this year. As such, it projected the deficit in the platinum market at 558,000 tons in 2024 relative to 468,000 in 2023, as it expected the global demand for platinum to continue to outpace the supply of the metal in 2024. In addition, it said that the price of platinum will be supported by a weaker US dollar and lower interest rates. Also, it expected higher demand from autocatalyst and jewelry to support the metal's price in the near- to medium term. Further, it forecast platinum prices to average $1,000 per ounce in the fourth quarter of 20224 and $960 an ounce in full year 2024.
Source: Citi Research, Refinitiv, Byblos Research

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								
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	BBB- 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- 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	BB- Stable	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*

***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	1.00	26-Sep-24	Cut 25bps	12-Dec-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	27.00	27-Sep-24	Cut 200bps	25-Nov-24
Angola	Base Rate	19.50	19-Sep-24	No change	N/A
Mexico	Target Rate	10.50	26-Sep-24	Cut 25bps	14-Nov-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	04-Oct-24	No change	08-Nov-24
Bulgaria	Base Interest	3.43	01-Oct-24	Cut 11bps	01-Nov-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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