800 ISSUES+
Issue 823 | October 24, 2024

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Non-wholesale cross-border payments at $65 trillion by 2030

Citigroup's 2024 survey of about 100 financial institutions from around the world, including banks, fintech firms, and insurance companies projected that the market size of non-wholesale cross-border payments would increase from $44.1 trillion (tn) in 2023 to $65tn by 2030, which would post a compound annual growth rate of 6% in the 2023-30 period. It expected non-wholesale cross-border transactions of business-to-business e-commerce segment to reach $21.9tn by 2030 and to grow at a CAGR of 12% in the 2023-30 period, followed by cross-border payments of large enterprises at $19.7tn with a CAGR of 2%, operations of small and medium-sized businesses at $11.4tn (+1%), and consumer-to-business segment at $5.6tn, consumer-to-consumer category at $3.3tn and business-to-consumer segment at $3.2tn (+9% each). Also, the survey shows that 38% of participants expected fintech companies to gain between 5% to 10% market share from traditional financial institutions in cross-border payments in the next two to five years, 33% of respondents anticipated such firms to acquire less than 5% of the market share of cross-border transactions, 17% of surveyed institutions forecast fintechs to capture between 10% to 20% of market share, while 13% of respondents projected fintech firms to capture more than 20% of market share in the coming two to five years.

Source: Citi Treasury and Trade Solutions

More than 50% of rated sovereigns have investment grade rating at end-September 2024

S&P Global Ratings indicated that 53%, or about 73 of the 137 sovereigns that it rates globally had an investment grade rating at the end of September 2024, unchanged from end-2023 and end of September 2023. It said that 22% of rated sovereigns were in the 'B'-rated category at the end of September 2024, 20% stood in the 'BBB' segment, 16% of sovereigns came in the 'A' bracket, 14% stood in the 'BB' category, 12% were in the 'AA' segment, 9% stood in the 'CCC' bracket or lower, and 8% of sovereigns came in the 'AAA' category. In parallel, it noted that there were 20 'positive' outlooks and seven 'negative' outlooks on the long-term foreign currency ratings of sovereigns at end-September 2024, relative to 13 'negative' outlooks and 10 'positive' outlooks on sovereign ratings at end-2023, and to 13 'negative' outlooks and nine 'positive' outlooks on sovereign ratings at end-September 2023. It pointed out that 15 sovereigns in the Europe, the Middle East and Africa (EMEA) region, four countries in the Americas, and one economy in the Asia-Pacific region carried a 'positive' outlook on their ratings at the end of September 2024; while six sovereigns in the Americas and one country in the EMEA region had a 'negative' outlook on their ratings. In addition, it noted that it upgraded 13 sovereigns and downgraded eight countries in the EMEA region, while it upgraded two sovereigns and downgraded one economy in Latin America in the first nine months of 2024.

Source: S&P Global Ratings

MENA

Level of economic freedom varies across region

The Fraser Institute Index of Economic Freedom of the World for 2024 ranked Bahrain in 34th place among 165 countries worldwide and in first place among 19 Arab countries. The UAE followed in 45th place, then Jordan (48th), Saudi Arabia (58th), and Qatar (78th), as the five countries with the highest levels of economic freedom in the Arab world, while Yemen (156th), Libya (157th), Algeria (161st), Syria (162nd), and Sudan (163rd) had the lowest levels of economic freedom in the region. The index evaluates individual economies on the Size of Government, Legal System & Property Rights, Access to Sound Money, Freedom to Trade Internationally, and the Regulation of Credit, Labor & Business. The Arab countries' average score stood at 5.87 points in 2024 compared to 5.88 points in 2023, and came lower than the global average score of 6.5 points. Also, the region's average score was lower than the average scores of North America (8 points), Europe & Central Asia (7.2 points), East Asia & the Pacific (7 points), Latin America & the Caribbean (6.5 points), and South Asia (6.1 points), but came higher than the average score of Sub-Saharan Africa (5.83 points). Further, the scores of 10 Arab countries improved, seven declined, and two were unchanged from the previous survey. Lebanon ranked first on the Size of Government factor; Jordan came first on the Access to Sound Money category; while Bahrain ranked in first place on the Regulation of Credit, Labor & Business factor, and the UAE led the Arab world on the Legal System & Property Rights and the Freedom to Trade Internationally categories.

Source: Fraser Institute, Byblos Research

GCC

Projects awarded up 3.3% to $176bn in first nine months of 2024

The aggregate amount of projects awarded in Gulf Cooperation Council (GCC) countries reached $175.9bn in the first nine months of 2024, constituting an increase of 3.3% from $170.3bn in the same period of 2023. Also, the amount of projects awarded in GCC countries was $63.6bn in the first quarter, $58.1bn in the second quarter, and $54.2bn in the third quarter of 2024, compared to $40.2bn in the first quarter and $66.1bn in the second quarter, and $64bn in the third quarter of 2023. The amount of awarded projects in Saudi Arabia stood at $35.4bn in the third quarter of 2024 and accounted for 65.3% of the total, followed by the UAE with $10bn (18.4%), Qatar with $4.3bn (7.8%), Kuwait with $2.1bn (3.8%), Bahrain with $1.38bn (2.5%), and Oman with $1.24bn (2.1%). The value of projects awarded in Bahrain jumped by 182.6% in the third quarter of 2024 from the same period last year, followed by a surge of 58% in new projects in Qatar, and a rise of 22.7% in projects in Saudi Arabia. In parallel, projects in the power sector reached $18.4bn and accounted for 34% of the awarded projects in the third quarter of 2024, followed by construction projects with $16bn (30%), the gas sector with $8.65 (16%), the oil industry with $5.2bn (9.6%), the water sector with $2.65bn (5%), transportation with $2.24bn (4.1%), manufacturing with $730m (1.3%), and the chemicals sector with $299m (0.6%).

Source: KAMCO, Byblos Research

OUTLOOK

WORLD

Global growth to average 3.2% in 2024-25 period, risks tilted to downside

The International Monetary Fund (IMF) projected the global economy's real GDP growth rate at 3.2% in 2024, unchanged from its July forecast, and at 3.2% in 2025, down from 3.3% in its previous projection. It indicated that cyclical imbalances have eased since the beginning of 2024, leading to a better alignment of economic activity with potential output in major economies. It forecast the real GDP growth rate of advanced economies at 1.8% in each of 2024 and 2025, compared to 1.7% for 2024 and 1.8% for 2025 in its July forecast, amid the easing of inflationary pressures. Also, it projected the real GDP growth rate in emerging markets and developing economies (EMDEs) at 4.2% in each of 2024 and 2025, relative to a previous forecast of 4.2% for 2024 and 4.3% for 2025.

Further, it projected the real GDP of Emerging & Developing Asia to grow by 5.3% in 2024 and 5% in 2025. Also, it expected economic activity in Sub-Saharan Africa to rise by 3.6% this year and by 4.2% next year, while it anticipated the real GDP growth rate of Emerging & Developing Europe at 3.2% in 2024 and 2.2% in 2025. Further, it forecast economic activity in Latin America & the Caribbean to expand by 2.1% this year and by 2.5% next year, and for the real GDP growth rate of the Middle East & North Africa region to reach 2.4% in 2024 and 3.9% in 2025.

The IMF considered that risks to the global economic outlook are tilted to the downside and consist of potential monetary policy tightening; the repricing of financial markets; renewed increases in commodity prices; the acceleration of protectionist policies that would disrupt global supply chains; social unrest in some countries; sovereign debt stress in EMDEs; and the weakening of China's property sector. But it said that upside risks include a stronger recovery of investments in advanced economies and the faster implementation of structural reforms in EMDEs.
Source: International Monetary Fund

MENA

Real GDP growth rate revised downwards to 2.2% in 2024, regional war clouds outlook

The World Bank revised downward its projections for real GDP growth in the Middle East & North Africa (MENA) region to 2.2% in 2024 from 2.8% last June, due to the extension of oil production cuts by the OPEC+ coalition and increased uncertainties about the conflict in the Middle East. Also, it forecast the region's real GDP growth rate at 3.8% in 2025, in case economic activity picks up. As such, it expected the real GDP growth rate of the region's oil-exporting countries at 2.2% in 2024, down from 2.8% in its June forecasts, and at 3.9% in 2025; and for activity in Gulf Cooperation Council countries to accelerate from 1.9% this year, down from 2.8% last June, to 4.2% next year, in case of a gradual phasing-out of voluntary oil production cuts starting from December 2024. In addition, it projected the real GDP growth rate of the MENA's oil-importing economies at 2.1% in 2024, down from 2.9% last June, and at 3.5% in 2025, given that repercussions of the ongoing conflict will spill over directly onto some countries and exacerbate pre-existing vulnerabilities in others.

In parallel, it anticipated the fiscal deficits of the region's oil exporters at 1.5% of GDP in 2024 and 1.8% of GDP in 2025, and their current account surpluses at 4.4% of GDP in each of 2024 and 2025. It attributed its forecasts to the volatility in oil prices and lower production levels. Further, it projected the fiscal deficit of the region's oil-importing economies at 4.3% of GDP in 2024 and 5.8% of GDP in 2025, while it forecast their aggregate current account deficits to narrow from 4.3% of GDP in 2024 to 3.5% of GDP in 2025.

Further, it considered that the main downside risk to the MENA growth outlook is the continued conflict in the Middle East, which could lead to negative spillovers within the region and globally. It added that heightened geopolitical tensions could harm the economies that are close to the Gaza Strip by undermining their growth prospects through increased uncertainties, reduced business and consumer confidence, declining tourism receipts, capital outflows, and tighter financial conditions.
Source: World Bank

GCC

War's impact on banks contingent on intensity level

S&P Global Ratings' "modest stress" scenario about the impact of the escalating war in the Middle East on the banking sectors in the Gulf Cooperation Council (GCC) countries assumes that the current direct hostilities between Iran and Israel will remain short. Under its "moderate stress" scenario, it assumes a series of escalatory attacks between Israel and Iran that will threaten regional security and that will take slightly longer to abate than in the previous scenario. However, it anticipated in the two scenarios that the impact on economic growth, energy prices, and key trade routes will be manageable and temporary, with limited effects on the fiscal and external credit metrics of GCC sovereigns, and did not expect the funding metrics and asset quality of GCC banks to be affected.

It its "high stress" scenario, it assumes persistent and intense cycles of attacks between Israel and Iran, implying a material impact on macroeconomic stability in the Middle East. As such, it expected a 30% increase in the stock of non-performing loans (NPLs) and a 5% rise of the NPL ratio of GCC banks. Further, it anticipated a 50% increase in outflows from non-resident interbank deposits and a 30% rise in outflows from non-resident deposits at GCC banks. It forecast capital market liabilities that are linked to medium- and long-term instruments at GCC banks to decrease by 10%, and expected the banks to liquidate some of their external assets to offset the impact of the outflows. Also, it anticipated that 13 out of the 45 top banks in GCC will post cumulative losses of $3.3bn in case this scenario materializes.

Under its "severe stress" scenario, it assumes the participation of regional and non-regional allies in the conflict, which would result in a lasting impact on regional macroeconomic stability. As such, it forecast a 50% increase in the stock of NPLs and a 7% rise of the NPL ratio of GCC banks, and anticipated outflows of 20% of private sector deposits. It anticipated that 25 out of the 45 top banks in the GCC will post aggregate losses of $24.6bn in case this scenario occurs. Also, under its "high stress" and "severe stress" scenarios, it expected external funding outflows of $221bn and domestic deposit outflows of $275bn from GCC banks.
Source: S&P Global Ratings

ECONOMY & TRADE

EGYPT

Sovereign ratings affirmed, outlook 'positive'

S&P Global Ratings affirmed Egypt's short- and long-term foreign and local currency sovereign credit ratings at 'B' and 'B-', respectively, and maintained the 'positive' outlook on the long-term ratings. It attributed the 'positive' outlook to the improvement in the country's external and fiscal positions, as well as by solid economic growth and fiscal consolidation driven by the liberalization of the exchange rate. It added that the ratings reflect Egypt's high public debt level and elevated debt-servicing costs, and considered that public finances will remain vulnerable to foreign and domestic market conditions. Also, it pointed out that a significant increase in foreign direct investments, a generous donor program, and portfolio and remittance inflows are supporting external liquidity and the fiscal accounts. It indicated that the adjustment of the exchange rate, along with the policy anchor that the International Monetary Fund program provides, would support the country's ability to adjust to external shocks and eventually reduce the inflation and interest rates, as well as the government's debt servicing costs. Further, it projected Egypt's gross external financing needs at 143.4% of current account receipts and usable foreign reserves in the fiscal year that ends in June 2025 and at 134.6% of current account receipts and usable foreign reserves in FY2025/26. Further, S&P indicated that it could revise the outlook to 'stable' if the authorities' commitment to macroeconomic reforms diminishes, and/or if the government's elevated debt servicing cost does not decline, which would increase the risk of a distressed debt exchange, and/or if regional geopolitical risks begin to affect Egypt. It added that it could upgrade the ratings if Egypt's net government or external debt positions improve faster than expected.

Source: S&P Global Ratings

BAHRAIN

Economy to grow by 3% annually in medium term

The International Monetary Fund (IMF) projected Bahrain's real GDP growth rate at 3% in 2024 and 3.5% in 2025, driven by the completion of refinery upgrades in the manufacturing sector and a pick-up in private sector lending growth, which will support the increase of private investments. Also, it forecast economic activity to grow by 3% in the medium term, supported by high activity in the non-hydrocarbon sector, which would account for 90% of the economy by 2029. Further, it expected the inflation rate at 1.2% in 2024 and at 2% in the medium term. In addition, it urged the authorities to step up efforts to implement additional fiscal measures and structural reforms over multiple years, in order to put the public debt level on a durable downward path. It called on the government to increase non-hydrocarbon revenues, rationalize current spending, and reduce subsidies, while increasing social transfers to protect vulnerable individuals and supporting investments. It said that policies to boost inclusion and productivity include expanding well-designed programs to enhance human capital, improving small- and medium-sized enterprises' access to finance, and harnessing the digital transformation. It pointed out that fiscal consolidation would also accelerate the decline in the public debt level and ease the fiscal adjustment by strengthening economic growth.

Source: International Monetary Fund

ARMENIA

Growth to average 5.5% in 2024-25 period

The International Monetary Fund projected Armenia's real GDP growth rate to decelerate from 6% in 2024 and 4.9% in 2025, driven by a decrease in domestic and external demand. Further, it expected the inflation rate to remain low in the short term and to gradually converge to the inflation target of 4% of the Central Bank of Armenia (CBA) in the medium term. It indicated that the draft 2025 budget accommodates priority spending needs, and stressed the importance of carefully prioritizing medium-term expenditures and introducing new tax policies to support fiscal consolidation in line with fiscal rules, and of maintaining the public debt at a moderate level. It urged the authorities to implement reforms to strengthen medium-term fiscal planning, enhance public financial management, and reinforce the public investment management framework. Also, it noted that the development and implementation of employment and export strategies, prioritizing governance reforms, upgrading the insolvency framework, and rationalizing investment incentives, are crucial to achieve the government's reform objectives. In parallel, it pointed out that downside risks to the macroeconomic outlook include geopolitical tensions, potential growth setbacks in trading partners, capital outflows, and surges in global food and energy prices. Further, it welcomed the authorities' commitment to maintain a healthy level of international reserve buffers, and considered that the flexible exchange rate should remain a key shock absorber.

Source: International Monetary Fund

CÔTE D'IVOIRE

Sovereign ratings upgraded on improving fiscal and external balances

S&P Global Ratings upgraded Côte d'Ivoire's long-term foreign and local currency sovereign credit ratings from 'BB-' to 'BB', which is two notches below investment grade, and affirmed the country's short-term foreign and local currency sovereign credit ratings at 'B'. Also, it revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed its upgrade to the declining budgetary and external imbalances, as well as to the strong support from the West African Economic and Monetary Union. It added that the implementation of structural reforms, population growth, and rising hydrocarbon production will support economic activity in the 2024-27 period. It said that the 'stable' outlook balances risks from still-elevated external financing needs, high external leverage and political uncertainty, with the economy's solid growth prospects, strong donor support, and an expected further decline in budgetary and external imbalances. It forecast the public debt level to decline from 57% of GDP at end-2024 to 54.5% of GDP at end-2025, while it projected the current account deficit to narrow from 5% of GDP in 2024 to 2.6% of GDP in 2025 amid higher cocoa prices and rising hydrocarbon and mining exports. Further, it forecast the country's gross external financing needs at 110.8% of current account receipts and usable reserves in 2025, as well as at 107.7% and 104.3% of such receipts and reserves in 2026 and 2027, respectively. In parallel, it said that it may downgrade the ratings if the external imbalances persist, if external leverage related to current account receipts does not decline as expected, and/or if a noticeable rise in domestic political tensions delays policy-making.

Source: S&P Global Ratings

SAUDI ARABIA

Banking sector increases external funding

Fitch Ratings indicated that the external liabilities of Saudi banks totaled SAR373bn, or $99.5bn, at the end of August 2024, constituting an increase of 50% in the 12 months ending in August, as banks increased their non-deposit funding in foreign currency to support lending growth. As a result, it said that the sector's foreign currency liabilities peaked at 10% of total liabilities at end-August 2024. It noted that the banks' net foreign assets (NFAs) stood at -SAR14bn in July 2024, the first time they become negative, and estimated that they declined to -SAR20bn in the following month. It expected the sector's NFAs to remain negative for at least one year, as lending growth continues to outpace deposit growth, unless the migration of the deposits of government-related entities (GRE) from the Saudi Central Bank (SAMA) to commercial banks accelerates. It stated that GREs had SAR550bn in deposits at SAMA at end-August 2024, which would be enough to finance a 20% increase in the sector's loan book. It noted that GRE deposits at banks increased by SAR200bn between January 2023 and August 2024, representing 45% of new deposit funding in the sector. Also, it considered that banks have increased their reliance on foreign-borrowing due to the intense competition for liquidity locally. In addition, it noted that deposits increased by 9%, and loans grew by 12% in the 12 months ending in August 2024, and indicated that the sector's loans-to-deposits ratio rose to a record high of 105.5% in July 2024.

Source: Fitch Ratings

IRAQ

Agencies take rating actions on banks

Moody's Ratings affirmed the foreign currency long-term deposit rating of Elaf Islamic Bank at 'Caa3' and downgraded the local currency long-term deposit rating from 'Caa2' to 'Caa3'. It revised the outlook on the ratings from 'negative' to 'stable'. It attributed the downgrade to the potential inability of the bank to pay back its local currency deposit obligations. It noted that the rating balances the bank's solid capitalization and sufficient liquidity buffers with its weak asset quality, elevated exposure to the Iraqi government, unresolved legal claims related to fund misappropriation, and the ban on access to the Central Bank of Iraq's (CBI) US dollars' sales window. In its periodic review of the 'Caa1' rating of Bank of Baghdad (BoB) and the 'Caa2' rating of the Mosul Bank for Development & Investment (MBDI), it indicated that the banks benefit from a low level of government support in case of need. It noted that the rating of BoB balances its solid earnings, strong funding profile and sufficient liquid buffers, with modest capital buffers and high exposure to Iraqi government securities. It said that the rating of MBDI is driven by the ban placed on the bank's access to the US dollar sales window of the CBI in July 2023 that restricted its ability to transact in US dollars. It added that the rating of MBDI is constrained by the bank's weak asset quality, moderate profitability, and challenging operating conditions. In parallel, Capital Intelligence Ratings affirmed and withdrew the long- and short-term foreign currency ratings of BoB at 'B' and its Bank Standalone Rating (BSR) at 'b-'. It noted that the BSR balances the bank's strong liquidity, high profitability, and good capitalization with its high credit risk profile, elevated geopolitical risks, and its significant assets concentrations.

Source: Moody's Ratings, Capital Intelligence Ratings

TUNISIA

Ratings on five banks affirmed

Capital Intelligence Ratings affirmed the long- and short-term foreign currency ratings of Banque Internationale Arabe de Tunisie (BIAT), Société Tunisienne de Banque (STB), Union Bancaire pour le Commerce et l'Industrie (UBCI), Banque Nationale Agricole (BNA), and Attijari Bank (AB) at 'C+' and 'C', respectively, and maintained the 'negative' outlook on the long-term ratings. Further, it kept the Bank Standalone Ratings (BSR) of the five banks at 'c'. It also affirmed the Core Financial Strength (CRS) of BIAT and AB at 'bb-', the CRS of UBCI at 'b+', the rating of BNA at 'b', and the CRS of STB at 'c'. In addition, it said that the liquidity and funding profiles of BIAT, STB, UBCI, and AB have satisfactory levels, while the liquidity and funding of BNA remains tight. It added that the ratings of BIAT, UBCI and AB are supported by the banks' good asset quality, while the ratings of BNA and STB are constrained by their weak asset quality. Also, it said that the ratings of BIAT and BNA are underpinned by the banks' strong capital position, while modest capital buffers are weighing on the ratings of AB, STB and UBCI. Further, it pointed out that the ratings of BIAT, BNA, STB, UBCI and AB are underpinned by their good profitability. It added that the liquidity position of the banks would be affected in case of a sovereign event. It noted that downside risks for the banking sector remain high and pressure on the banks' credit profiles is elevated due to financial stability risks and macroeconomic vulnerabilities. It said that the 'negative' outlook reflects the continued deterioration of the operating environment and the challenging economy.

Source: Capital Intelligence Ratings

TÜRKIYE

Banks' operating environment improves, challenges persist

Fitch Ratings revised upwards its assessment of the operating environment for Turkish banks from 'b' to 'b+', with a 'positive' outlook, following the upgrade of the sovereign ratings in September. It attributed its revision to the decline in macroeconomic and financial stability risks amid policy normalization and monetary policy tightening, including the improving inflation outlook, increased exchange-rate stability, high investor confidence and a reduction in dollarization rates at banks. In parallel, it indicated that the tightening of monetary policy through macroprudential regulations and high interest rates, elevated operating expenses, weaker business volumes and high swap costs, led to the decrease in the operating profits of the rated Turkish banks from 3.4% of average risk-weighted assets in the first quarter of 2024 to 2.9% in the second quarter of the year. It added that trading losses from swap costs and reduced customer transactions resulted in an 18% decrease in the banks' total revenues. It said that high rates on deposits in Turkish lira and monthly ceilings on lending growth are weighing on funding costs and volumes. It noted that loan impairment charges averaged 31% of the banks' pre-impairment operating profits at end-June 2024 compared to 41% at end-March 2024 due to the limited increase in lending. Further, it said that the share of foreign currency deposits out of the sector's total deposits declined in the covered quarter. It added that foreign-currency wholesale funding accounts for 18% of the covered banks' total non-equity funding, as debt issuance has remained strong.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $78.3 p/b in fourth quarter of 2024

ICE Brent crude oil front-month prices have been volatile so far in October 2024, trading at between $73.1 per barrel (p/b) and $81 p/b. Oil prices regressed on worries about Chinese demand and the increase in U.S. crude inventories, while they increased due to growing concerns about an escalation of tensions in the Middle East that could disrupt oil supply from the region. 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, driven by higher supply from the Americas. It expected global crude output at 82.8 million b/d in 2024 and 83.4 million b/d in 2025. Also, it projected global oil demand to grow by 900,000 b/d in 2024 and by 1 million b/d in 2025, compared to an average of 2 million b/d in 2023, amid lower demand from China. It considered that the escalating tensions between Israel and Iran are increasing fears of a broader Middle East conflict and disruptions to Iranian exports, but it expected the global oil market to be in surplus in 2025 in the absence of a major disruption to oil supply. In addition, Goldman Sachs forecast oil prices to average between $70p/b and $85 p/b in the medium term, but anticipated prices to be skewed to the downside from high spare capacity and potentially trade tariffs, which would outweigh upside risks that could result from geopolitical supply disruptions. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 41 industry analysts, to average $78.3 p/b in the fourth quarter of 2024.

Source: International Energy Agency, Goldman Sachs, Byblos Research

OPEC oil output down 2.3% in September 2024

Member countries of the Organization of the Petroleum Exporting Countries (OPEC), based on secondary sources, produced an average of 26.04 million barrels of oil per day (b/d) in September 2024, constituting a decrease of 2.3% from 26.65 million b/d in August 2024. On a country basis, Saudi Arabia produced 8.97 million b/d, or 34.4% of OPEC's total output, followed by Iraq with 4.1 million b/d (15.8%), Iran with 3.3 million b/d (12.7%), the UAE with 2.96 million b/d (11.4%), and Kuwait with 2.43 million b/d (9.3%).

Source: OPEC

Algeria's crude oil production down 3.1% in August 2024

Crude oil production in Algeria totaled 910,000 barrels per day (b/d) in August 2024, constituting an increase of 0.1% from 909,000 b/d in July 2024 and a decrease of 3.1% from 939,000 b/d in August 2023. Further, aggregate total crude oil exports from Algeria stood at 365,000 b/d in August 2024, down by 1.4% from 370,000 b/d in July 2024 and by 3.4% from 378,000 b/d in August 2023.

Source: JODI, Byblos Research

Global steel output down 0.8% in September 2024

Global steel production reached 143.6 million tons in September 2024, constituting a decrease of 0.8% from 144.8 million tons in August 2024 and an increase of 4% from 149.3 million tons in September 2023. Production in China totaled 77.1 million tons and accounted for 53.7% of global steel output in September 2024, followed by production in India with 11.7 million tons (8.1%), the U.S. with 6.7 million tons (4.7%), Japan with 6.6 million tons (4.6% each), Russia with 5.6 million tons (3.9%), and South Korea with 5.5 million tons (3.8%).

Source: World Steel Association, Byblos Research

Base Metals: Zinc prices to average $2,880 per ton in fourth quarter of 2024

The LME cash prices of zinc averaged $2,720.6 per ton in the year-to-October 23, 2024 period, constituting an increase of 1.5% from an average of $2,681 a ton in the same period of 2023, due to tight supply and expectations of increased demand globally. Also, zinc prices reached $3,202.3 per ton on October 23, 2024, their highest level since February 3, 2023 when they reached $3,269.5 a ton, due to growing supply concerns in global markets and rising industrial demand worldwide. 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 91% 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 this year amid reduced profitability. In addition, it expected the robust supply in the zinc market to persist in 2025, but to decrease in the medium term as it anticipated the production of refined zinc to face uncertainties in case smelters reduce their output. Further, it forecast zinc prices to average $2,880 per ton in the fourth quarter and $2,765 a ton in full year 2024.

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

Precious Metals: Gold prices to average $2,550 per ounce in fourth quarter of 2024

Gold prices averaged $2,325.5 per ounce in the year-to-October 23, 2024 period, constituting an increase of 20.6% from an average of $1,928.3 an ounce in the same period of 2023, due mainly to strong demand from central banks around the world, interest rate cuts, and the increase in geopolitical risks as a result of the intensification of hostilities in the Middle East, which reinforced the appeal of the metal as a safe haven for investors. Further, gold prices reached an all-time high of $2,743.9 per ounce on October 22, 2024, amid elevated demand, heightened geopolitical tensions in the Middle East, U.S. election uncertainties, along with expectations of further monetary easing that will lead to higher demand for bullions. In parallel, Citi Research projected the global supply of gold at 5,067 tons in 2024, which would constitute an increase of 2.3% from 4,953 tons in 2023. Also, it forecast the global demand for gold at 4,361 tons in 2024, which would represent a decrease of 2.4% from 4,467 tons in 2023. It anticipated higher gold demand from central banks, an increase in over-the-counter investments, and elevated inflows to gold-backed exchange traded funds to support gold prices in the near term, despite a slowdown in demand from the jewelry sector, from bar and coin wholesalers, and from China. Also, it expected lower real yields on U.S. Treasury to support gold prices in the near term. In addition, it expected gold prices to average $2,550 per ounce in the fourth quarter of 2024, with a low of $1,950 per ounce and a high of $2,750 an ounce during the quarter.

Source: Citi Research, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B- 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 positive	RD -	- -	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB Stable	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-	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	4.75	09-Oct-24	Cut 50bps	27-Nov-24
Switzerland	SNB Policy Rate	1.00	26-Sep-24	Cut 25bps	12-Dec-24
Canada	Overnight rate	3.75	23-Oct-24	Cut 50bps	11-Dec-24
Emerging Markets					
China	One-year Loan Prime Rate	3.1	21-Oct-24	Cut 25bps	20-Nov-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	3.25	11-Oct-24	Cut 25bps	28-Nov-24
Malaysia	O/N Policy Rate	3.00	05-Sep-24	No change	16-Nov-24
Thailand	1D Repo	2.25	16-Oct-24	Cut 25bps	18-Dec-24
India	Repo Rate	6.50	09-Oct-24	No change	16-Dec-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	17-Oct-24	No change	21-Nov-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	50.00	17-Oct-24	No change	24-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	11-Oct-24	Cut 25bps	29-Nov-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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