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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global trade up by 3% to $33 trillion in 2024

The United Nations Conference on Trade and Development (UNCTAD) estimated the global trade in goods and services at $33 trillion (tn) in 2024, constituting a rise of 3.3% from $32tn in 2023. It indicated that the imports of goods to developing countries grew by 3% and imports to developed economies contracted by 2% in the third quarter of 2024 from the same quarter last year, while exports from developing economies increased by 2% and exports from developed countries regressed by 2%, in the covered period. Imports of goods by North America, and the Middle East & Southwest Asia grew by 3% each annually in the third quarter of 2024, followed by East Asia (+1%), while they declined by 6% each in Russia and Central Asia, followed by decreases of 5% in Europe and 1% Oceania, while the volume of imports of goods to Latin America and Africa remained unchanged in the covered period. In parallel, exports from East Asia grew by 3% annually in the third quarter of 2024, followed by exports from Latin America and Africa (+2% each), and North America (+1%), while they declined by 10% from Oceania, by 6% from Russia and Central Asia, by 1% from each of Europe, and the Middle East & Southwest Asia regions. Also, trade in office equipment rose by 15% year-on-year in the third quarter of 2024, followed by trade in pharmaceutical products (+11%), transport equipment (+6%), road vehicles (+4%), machinery (+2%), and precision instruments and communication equipment (+1% each), while trade in energy products regressed by 7%, followed by trade in clothing apparel (-5%), chemical products (-4%), metals (-3%), other manufacturing (-2%), and minerals and agri-foods (-1% each).

Source: UNCTAD

Nearly 65% say economy is 'bad' in their country

A survey conducted by the opinion polling firm IPSOS indicated that 38% of respondents across 29 countries think their country is headed in the right direction, while 62% believe it is on the wrong track, with 79% of surveyed Indonesians saying that their country is heading in the right direction, the highest percentage among the 29 countries. Also, the survey revealed that 32% of participants in the 29 economies consider that inflation, and crime and violence are their most concerning issues, 30% of respondents cited poverty & social inequality are their primary concerns, 26% of participants said that unemployment and financial/political corruption are the most pressing issues, 23% are worried about the healthcare system, 18% of respondents indicated that immigration controls represent a significant concern in their countries, 17% of participants said that taxes and climate change are their most pressing issues, 14% worry about education, 11% cited moral decline as their primary concern, and 10% of participants noted that military conflict between nations is a key challenge. Further, it noted that 37% of surveyed participants across the 29 countries rated the current economic situation as 'good', while 63% described it as 'bad', with 79% of surveyed Indians saying that economic conditions in India are 'good', the highest percentage among the 29 countries, while 12% of respondents in Japan considered the economic situation in the country is 'good'. IPSOS conducted the survey between October 25 and November 8, 2024.

Source: IPSOS

MENA

Network readiness varies across Arab countries

The Portulans Institute ranked the UAE in 28th place among 133 countries globally and in first place among 13 Arab countries on its Network Readiness Index (NRI) for 2024. Saudi Arabia followed in 35th place, then Qatar (38th), Oman (50th) and Bahrain (51st), as the five Arab countries with the most developed network readiness. In contrast, Egypt (85th), Tunisia (96th), Algeria (100th), Mauritania (124th), and Yemen (133rd) had the least developed network readiness. The NRI assesses the application and impact of information and communication technology in economies around the world, and measures the importance of governmental and societal factors in the formulation of digital strategies in a country. The index consists of 12 sub-pillars that are aggregated in the Technology, People, Governance, and Impact pillars. The Arab countries' average score stood at 46.2 points in 2024 compared to 46.6 points in 2023, and came lower than the global average score of 49.5 points. The average score of Gulf Cooperation Council (GCC) countries was 55.9 points, while the average of non-GCC Arab countries stood at 40.9 points. Also, the region's average score was higher than the average score of Africa (34.1 points), while it came lower than the average scores of Europe (60.8 points), Asia & Pacific (54.2 points), the Commonwealth of Independent States (48.8 points) and the Americas (47.2 points). Further, the ranks of seven Arab economies improved, the position of four Arab states deteriorated, and the ranking of one country was unchanged, while the scores of nine Arab economies increased from the previous survey, and the scores of three Arab states decreased. In parallel, Saudi Arabia was the top ranked Arab country on the Governance pillar, while the UAE ranked first in the region on the Technology, People and Impact pillars.

Source: Portulans Institute, Byblos Research

GCC

Fixed income issuance up 63% to $180bn in first 11 months of 2024

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $179.8bn in the first 11 months of 2024, constituting a surge of 63% from $110.4bn in the same period of 2023. Fixed income output in the first 11 months of the year consisted of $67.6bn in corporate bonds, or 37.6% of the total, followed by $42.8bn in sovereign sukuk (23.8%), $36bn in corporate sukuk (20%), and $33.4bn in sovereign bonds (18.6%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $103.6bn in the first 11 months of 2024, or 57.6% of fixed income output in the region; while issuance by GCC sovereigns reached $76.2bn, or 42.4% of the total. GCC sovereigns issued $32.9bn in bonds and sukuk in January, $2.3bn in February, $2bn in March, $14.9bn in April, $9.1bn in May, $7.5bn in June, $2.8bn in July, $1.7bn in August, $1.5bn in September, $800m in October, and $700m in November 2024. Also, GCC companies issued $13.6bn in bonds and sukuk in January, $8.2bn in February, $10.6bn in March, $4.6bn in April, $7.9bn in May, $7bn in June, $17.4bn in July, $2.3bn in August, $11.5bn in September, $13.9bn in October, and $6.6bn in November 2024.

Source: KAMCO, Byblos Research

OUTLOOK

WORLD

Artificial Intelligence readiness varies significantly across countries

The Boston Consulting Group placed the U.S., the United Kingdom, Canada, Singapore, and Mainland China in the "artificial intelligence (AI) pioneers" category, given that they have reached a high level of AI readiness by combining elements like investments and infrastructure, and turning AI disruption into a competitive edge. Further, it included France, Japan, Malaysia, South Korea and Taiwan in the "steady contenders" segment, given their relatively high exposure to Al and sufficient levels of readiness for its adoption; while it placed India, Saudi Arabia, Türkiye, the UAE, and Vietnam in the "rising contenders" bracket due to their low exposure to AI despite their elevated readiness for its adoption. Also, it included Bahrain and Kuwait in the "exposed practitioner" category, as they have relatively high exposure to AI and insufficient levels of readiness; while it placed Egypt, Iran, Morocco, Oman, Pakistan, Qatar, and South Africa in the "gradual practitioner" segment given their relatively low exposure to Al and low readiness for its adoption. In addition, it included Algeria, Angola, Ethiopia, Iraq, Nigeria, and Venezuela in the "AI emergent economies" due to their extremely low readiness and different levels of exposure to AI.

It called on the governments of "AI emergent economies" to support the adoption of AI through a national strategy and a dedicated entity to oversee its implementation, provide basic AI training and digital programs to modernize the workforce, enhance government effectiveness to build a foundation for AI, boost investments in research & development, and university programs, and guarantee basic digital infrastructure to enable AI adoption. Further, it said that "AI contenders" and "AI practitioners" countries should focus on addressing lagging topics, attract and retain an AI talent pool and concentrate on big data and advanced trainings in AI, boost investment in high-performance computing and data centers, attract foreign direct investments in AI, create software testing for developers and startups, and promote AI solutions and new technologies for strategic sectors. It added that "AI pioneers" have to support leading AI industries across the technology value chain; enhance cross-cutting AI expertise and sector specialization among AI specialists; ensure centralized oversight and more flexible rules on open data; and provide tailored support for national AI champions, unicorns, and startups.

Source: Boston Consulting Group

EMERGING MARKETS

Capital inflows to rise by 30% to $939bn in 2024

The Institute of International Finance projected non-resident capital inflows to emerging markets (EMs) at $939bn in 2024, constituting a rise of 30% from $723bn in 2023, as EMs have demonstrated remarkable resilience in attracting capital flows in 2024, but it forecast non-resident capital inflows to EMs to decline to $716bn in 2025 amid heightened uncertainties about trade and geopolitical tensions, a slowdown of economic growth in China, as well as a slower-than-expected interest rate cut cycle by the U.S. Federal Reserve. Also, it forecast foreign direct investments (FDI) in EMs at $364bn this year and $385bn in 2025 relative to $325bn in 2023, and anticipated portfolio investments to reach $303bn in 2024 and $142bn in 2025 compared to $161bn in 2023. It expected other investments in EMs, mainly banking-related flows, at $273bn in 2024 and $189bn in 2025 compared to $238bn in 2023. Further, it projected resident capital outflows from EMs to rise from $758bn in 2023 to $1,009bn in 2024, due to a 38.5% surge in FDI outflows from the EM region, a 32% increase in outward portfolio investments, and a 25.7% uptick in other investments, mainly banking-related flows. It also expected resident capital outflows from EMs at $919bn in 2025. As such, it forecast net capital flows to EMs, to post outflows of $130bn in 2024 and $274bn in 2025.

In parallel, it projected non-resident capital inflows to EMs excluding China to rise from $707bn in 2023 to $824bn in 2024, but to decrease to $781bn in 2025. It considered the decrease in 2025 to be moderate due to improving risk sentiment, supply chain diversification, and strong demand for local currency debt. It forecast FDI in EMs ex-China at $374bn this year and $385bn in 2025, while it anticipated portfolio inflows to EMs ex-China at $208bn in 2024 and $167bn next year. It expected other investments in EMs ex-China, mainly banking-related flows, at $243bn in 2024 and $229bn in 2025. Further, it projected resident capital outflows from EMs ex-China to rise from $539bn in 2023 to $657bn in 2024, due to a 90.6% surge in FDI outflows from EMs ex-China and a rise of 9% in portfolio investment outflows, which would be partly offset by a 7% decrease in other investments. It also expected resident capital outflows from EMs $549bn in 2025. As a result, it forecast net capital inflows to EMs ex-China, to reach $107bn in 2024 and $210bn in 2025.

Source: Institute of International Finance

UAE

Ample buffers to mitigate external risks

The International Monetary Fund (IMF) projected the United Arab Emirates' real GDP growth rate at 3.7% in 2024 and 5% in 2025, driven by strong domestic activity and sustained efforts to modernize and diversify the economy. It said this trend is supported by investments to improve infrastructure and transportation, advance investments in renewable energy and new technologies, improve governance, and increase trade. It also forecast activity in the non-hydrocarbon sector to pick up to 4.9% this year and 4.2% in 2025.

Further, it forecast the fiscal balance to post surpluses of 4.8% of GDP in 2024 and 4.7% of GDP in 2025, and noted that tax policy reforms and fiscal consolidation will support the medium-term fiscal surplus and reduce the public debt level from 31.3% of GDP this year to 30.7% by 2025. Also, it projected the current account surplus to decline from 9.1% of GDP in 2024 to 8.8% of GDP in 2025. It forecast the UAE's foreign currency reserves at $199.7bn at end-2024 and at $212.1bn at end-2025, or the equivalent of 8.2 months of imports at the end of 2024 and 2025.

In parallel, it noted that the economic outlook is subject to uncertainties and external risks, but considered that large sovereign buffers will help mitigate the external vulnerabilities. It pointed out that an increase in geopolitical tensions, an abrupt global economic slowdown, a sharp correction in global asset prices, and/or commodity price volatility could lead to a reduction in the flow of goods, capital, and tourists to the country.

Source: International Monetary Fund

ECONOMY & TRADE

QATAR

Economic growth to average 4.8% annually in medium term

The International Monetary Fund (IMF) indicated that Qatar's real GDP growth rate decelerated from 4.2% in 2022 to 1.2% in 2023, driven by limited construction activities and moderated services growth after the 2022 FIFA World Cup. It projected the real GDP growth rate to gradually pick up to 2% in the 2024-25 period underpinned by public investments, spillovers from the ongoing liquefied natural gas (LNG) expansion project, and elevated tourism receipts. It expected the real GDP growth rate to accelerate to 4.75% annually in the medium term, supported by the increase of LNG production, as well as the implementation of reforms under the Third National Development Strategy (NDS3). Further, it projected the fiscal and current account balances to remain in surpluses in the medium term, and that the risks to the economic outlook are broadly balanced. It said that strong reform momentum following the launch of the NDS3 should continue to support private sector-led growth. It stated that the positive economic outlook provides an opportunity to accelerate revenue diversification efforts by introducing the value-added tax, enhancing spending efficiency, and aligning domestic and export energy prices. It noted that the authorities' fiscal discipline, higher public revenues, and expenditure reforms would support fiscal stability and economic growth.

Source: International Monetary Fund

JORDAN

Sovereign ratings affirmed on improving fiscal and external buffers

Capital Intelligence Ratings affirmed Jordan's long-term foreign and local currency ratings at 'BB-', which are three notches below investment grade. Also, it maintained the 'stable' outlook on the ratings, and affirmed the country's short-term foreign and local currency ratings at 'B'. It attributed the affirmation of the ratings to the economy's resilience and to the government's gradually-improving capacity to withstand external shocks, despite the challenging geopolitical environment. It added that the ratings are supported by the government's prudent macroeconomic policies and improved external liquidity, along with the narrowing of the current account deficit and an increase in foreign currency reserves. It noted that the ratings also reflect the availability of financial assistance from bilateral and multilateral lenders and external donors, as well as the moderate level of the external government debt and a relatively sound banking sector. However, it said that the ratings are constrained by very high geopolitical risk factors, an elevated government debt level, a chronic balance of payments deficit, and significant socioeconomic challenges. Further, it indicated that the 'stable' outlook balances the increase of the country's foreign currency reserve buffers, the availability of international support, and ongoing fiscal consolidation measures, with moderately weak public finances and high central government debt levels. In addition, it said that it could downgrade the ratings if regional or domestic instability risks increase significantly, and/or if the public and external finances deteriorate. Also, it noted that it could upgrade the ratings or revise the outlook to 'positive' if the fiscal deficit narrows and if the public debt level declines from significant fiscal consolidation measures.

Source: Capital Intelligence Ratings

EGYPT

External funding needs at $83bn in coming three years

Goldman Sachs projected Egypt's external financing requirements at $32.1bn in the fiscal year that ends in June 2025, and at $25.6bn in FY2025/26 and $26.2bn in FY/2026/27 compared to $30.1bn in FY2023/24. It also noted that Egypt needs to cover medium- and long-term external debt payments of $12bn in FY2024/25, $9.6bn in FY2025/26 and $7.9bn in FY2026/27. Further, it projected the funding gap at $5bn in FY2024/25 and $2.2bn in FY2025/26, and to revert to a surplus of $1.7bn in FY2026/27. It estimated that the authorities will source their external funding needs in the FY2024/25-FY/2026/27 period from $52.8bn in foreign direct investments, $12bn in portfolio inflows, and $12.7bn in medium and long-term borrowing. It estimated that the country will cover its funding gap during the covered period with $12.2bn from the International Monetary Fund and third parties and from $2bn in proceeds from the sale of state assets. Also, it estimated the residual funding gap at $8.7bn in the covered period. As such, it projected the current deficit at 5.4% of GDP in FY2024/25, 4% of GDP in FY2025/26 and 3.9% of GDP in FY2026/27. Further, it forecast the foreign currency reserves at $47.9bn, at end-June 2025, $50.3bn at end-June 2026 and $55.5bn at end-June 2027. In parallel, it considered that risks to the outlook are tilted to the upside amid a recovery in the energy balance, but noted that downside risks include shocks to tourism or remittance receipts, portfolio outflows, or a significant slower pace of FDI flows.

Source: Goldman Sachs

NIGERIA

Reserve buffers improve, challenges to fiscal policy remain

Fitch Ratings indicated that the Nigerian authorities' pursuit of orthodox economic policies has improved the prospects for the sovereign's credit profile. But it said that a number of challenges remain, including ad hoc policy implementation that has affected investor confidence. Further, it noted that external buffers have benefitted from the exchange-rate reforms and the associated increase in foreign currency reserves, as gross official reserves rose from $32.2bn at end-April 2024 to $40.2bn at end-November 2024, equivalent to six months of current external payments. But it noted that the spread has re-emerged in recent months between the official and parallel market rates due to the slower-than-expected progress on reforms and to lingering foreign currency worries. Also, it said that fiscal policy remains a source of uncertainty for 2025, although the government's recent 2025-2027 Medium-Term Expenditures Framework set out plans to narrow the budget deficit more significantly than expected. It noted that the authorities stepped up efforts to raise non-oil revenues but that they could face political challenges in implementing their plans to raise the value-added tax rate from 7.5% this year to 10% in 2025, and expected Nigeria's general government revenue to average 10.3% of GDP in the 2024-25 period compared to a median of 19% for sovereigns in the 'B' category. It considered that a narrower fiscal deficit would provide further credibility to the government's reform agenda, but noted that pressure for further naira depreciation may increase if the authorities miss their deficit target.

Source: Fitch Ratings

SAUDI ARABIA

Banking sector's country risk assessment maintained

S&P Global Ratings maintained Saudi Arabia's Banking Industry Country Risk Assessment (BICRA) in 'Group 4', and its economic and industry risk scores at '5' and '4', respectively. The BICRA framework evaluates banking systems based on economic and industry risks facing the sector, with 'Group 10' consisting of the riskiest banking sectors. Other countries in 'Group 4' consist of Iceland, Israel, Kuwait, Malaysia, New Zealand, Poland, Portugal, Slovenia, Spain, and Taiwan. The agency indicated that Saudi Arabia's economic risk score reflects its "high risk" in economic resilience, as well as "intermediate risks" in economic imbalances and credit risks in the economy. It expected bank lending to increase by 9% to 10% in the 2024-25 period, driven by lower interest rates, higher mortgage lending opportunities, and by the implementation of projects under Vision 2030. Further, it projected the banks' asset quality to remain healthy, with a slight increase in non-performing loans from 1.5% at end-2023 to 2.1% at end-2024. It forecast mortgage lending to accelerate in the near term, driven by lower interest rates. In parallel, it said that the industry score reflects the country's "intermediate risk" in its institutional framework, competitive dynamics, and system-wide funding. It pointed out that Saudi banks benefit from a strong core customer deposit base despite faster lending growth and considered that the Saudi Central Bank will maintain its close supervision of the banking sector. It noted that the trend for the industry and economic risks is 'stable'.

Source: S&P Global Ratings

TUNISIA

Banking sector facing weak operating environment

Moody's Ratings placed the Tunisian banking sector's Macro Profile in the "Very Weak" category, along with Angola, Belarus, Bosnia and Herzegovina, the Democratic Republic of the Congo, Egypt, Kyrgyzstan, Nigeria, Russia, Tajikistan, and Uganda. It said the macro profile reflects the country's economic fragility and creates a difficult credit and funding environment for banks. It also placed the banking sector's Banking Country Risk level in the "Very Weak+" category, as it said that Tunisia's wide current account deficit and upcoming external debt maturities increase depreciation risks of the local currency, which could weaken the operating environment for banks. Further, it said that the banks' relatively fragile underwriting standards, the overvaluation of loan collateral, high single-borrower concentration, and a lending rate cap mechanism that constrains risk pricing for banks reflect the weak credit conditions in the country. It noted that mounting liquidity pressure for the sovereign and higher default risks would have solvency implications for Tunisian banks that are exposed to the sovereign. It noted that the banks' net loans-to-deposits ratio decreased from 120% at end-2017 to 107% at end-May 2024, and that the ratio still reflects tight liquidity conditions at banks. Also, it said that the banks' reliance on funding from Banque Centrale de Tunisie (BCT) increases risks in the context of constrained government finances and creates significant balance-sheet maturity mismatches. It stated that the BCT's refinancing of banks reached TND12.5bn as of October 2024, as the government is relying on domestic banks to refinance its debt maturities.

Source: Moody's Ratings

TÜRKIYE

Banking sector outlook revised to 'neutral'

Fitch Ratings revised downward the outlook on the Turkish banking sector from 'improving' in mid-2024 to 'neutral' for 2025, despite Türkiye's continued commitment to monetary tightening, that has boosted investor confidence and exchange-rate stability, improved operating conditions and prospects for banks, and reduced external financing, financial stability and macroeconomic risks. Further, it noted that the elevated interest rates and regulatory intervention, including credit growth ceilings for banks, still high inflation rates, de-dollarization efforts, and slower economic growth will continue to weigh on the banks' asset quality and earnings performance in the near-term, despite improved operating conditions. In addition, it expected the banks' net interest margins to improve as interest rates on lira deposits decrease in 2025, given the short-term nature of lira deposits. It also forecast a moderate increase in the non-performing loans ratio and in impairment charges, driven by unsecured retail lending as well as by small- and medium-sized enterprises and commercial loans. In parallel, it expected the banks to continue to tap the external capital markets in 2025, but in a more opportunistic way following the strong external market issuances in 2024. It noted that the banks' profitability and asset quality remain sensitive to the macroeconomic environment that includes regulatory changes, the potential depreciation of the local currency, and exposure to riskier segments and sectors. It expected the authorities' current economic policy to continue in the near term, although a potential policy reversal could reignite inflationary pressures and macroeconomic and financial stability risks.

Source: Fitch Ratings

MOROCCO

Banks' capital adequacy ratio at 15.5% at end-2023, NPLs ratio at 8.5%

The International Monetary Fund considered that the banking sector in Morocco is resilient, well capitalized, and profitable, and is supported by a risk-based supervisory framework that is in line with international standards. It indicated that the sector's capital adequacy ratio stood at 15.5% at end-2023 compared to 15.6% at end-2022, and that the banks' Tier One capital ratio was 12.9% and their capital-to-assets ratio was 9.2% at end-2023 relative to 9.5% a year earlier. Also, it said that the banks' liquid assets were equivalent to 14.6% of total assets at end-2023 compared to 16.1% of assets a year earlier, and that they were equivalent to 17.7% of short-term liabilities at end-2023 relative to a ratio of 19.2% at end-2022. It added that the deposits-to-loans ratio was 104.8% at end-2023 compared to 106.3% at end-2022. In addition, it noted that the sector's non-performing loans (NPLs) ratio stood at 8.5% at end-2023 relative to 8.4% at end-2022, with the NPLs coverage ratio at 67.5% at end-2023 compared to 68.4% a year earlier, due mainly to the difficulties that small companies are facing to repay the subsidized loans they received during the pandemic. It added that that the cost of risk was 0.7% at end-June 2023, unchanged from end-2022. In parallel, it pointed out that the banks' return on assets was 0.7% in 2023, unchanged from the previous year, and their return on equity improved from 6.9% in 2022 to 8% in 2023.

Source: International Monetary Fund

Oil prices to average $74 p/b in fourth quarter of 2024

ICE Brent crude oil front-month prices reached $73.5 per barrel (p/b) on December 11, 2024, constituting an increase of 2% from $72.1 p/b a week earlier, as the European Union agreed to impose an additional round of sanctions on Russia that would disrupt the latter's oil flows. Further, in its latest meeting on December 5, the OPEC+ coalition agreed to extend the voluntary oil production cuts of 2.2 million barrels per day (b/d) until the end of March 2025 and the 1.65 million b/d cuts that it announced in April 2023 until the end of 2026. In parallel, Goldman Sachs projected global oil supply at 104.6 million b/d in 2025, which would constitute an increase of 1.8 million b/d from 102.8 million b/d in 2024. It forecast global oil demand at 104.3 million b/d next year, which would represent a rise of 1.1 million b/d from 103.2 million b/d in 2024. It considered oil production remains a key concern, as the U.S. recently sanctioned more tankers and shipping companies linked to Iran's petroleum sector, and as OPEC+ members extended their voluntary production cuts for three months. It expected the oil production level of the OPEC+ countries to be dependent on market conditions and anticipated OPEC+ production to increase starting in July 2025 amid strong summer demand. Also, it anticipated upside risks to oil prices in the short term amid potentially lower supply from Iran, but it expected downside risks to the prices in the medium term given high global spare capacity and potentially broader U.S. tariffs. Further, it projected oil prices to average $74 p/b in the fourth quarter of 2024.

Source: Goldman Sachs, Refinitiv, Byblos Research

Algeria's crude oil production down 5.4% in September 2024

Crude oil production in Algeria totaled 908,000 barrels per day (b/d) in September 2024, constituting decreases of 0.2% from 910,000 b/d in August 2024 and of 5.4% from 960,000 b/d in September 2023. Further, aggregate total crude oil exports from Algeria stood at 332,000 b/d in September 2024, down by 9% from 365,000 b/d in August 2024 and by 16.2% from 396,000 b/d in September 2023.

Source: JODI, Byblos Research

OPEC's oil basket price down 2% in November 2024

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $72.98 per barrel (p/b) in November 2024, constituting a decrease of 2% from $74.45 p/b in October 2024. The price of Equatorial Guinea's Zafiro was $75.98 p/b, followed by Nigeria's Bonny Light at $75.38 p/b, and by Algeria's Sahara Blend at $74.9p/b. Further, 11 out of the 12 prices in the OPEC basket decreased by $1 p/b to $2.63 p/b in November 2024, while the price of Venezuela Merey Blend increased by $1.28p/b.

Source: OPEC

ME&A's oil demand to grow by 1.7% in 2024

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.31 million barrels per day (b/d) in 2024, which would constitute an increase of 1.7% from 13.09 million b/d in 2023. The region's demand for oil would represent 23% of consumption in non-OECD countries and 12.8% of global consumption in 2024.

Source: OPEC

Base Metals: Zinc prices to average $2,440 per ton in fourth quarter of 2024

The LME cash prices of zinc averaged $2,766.3 per ton in the year-to-December 11, 2024 period, constituting an increase of 4.2% from an average of $2,655.5 a ton in the same period of 2023, due to the rise in industrial demand, particularly from the green energy and battery technology sectors. Also, zinc prices peaked at $3,202.25 per ton on November 23, 2024, their highest level since February 3, 2023 when they reached $3,269.5 per ton, driven by elevated demand for zinc in Singapore and reduced metal availability in LME warehouses, which has created supply pressure. In parallel, the latest available figures released by the International Lead and Zinc Study Group (ILZSG) projected global demand for refined zinc to increase by 1.8% to 13.83 million tons in 2024, and by 1.6% to 14.04 tons in 2025, driven by higher demand from Europe, India and Vietnam, which will offset the decrease in demand from South Korea. Also, it forecast global zinc output to decline by 1.4% to 12.06 million tons in 2024. Also, it anticipated the metal's supply at 12.86 million tons in 2025, driven by a robust global production growth of 9% excluding China. It expected output from Europe to rise significantly, due to higher production in Bosnia and Herzegovina, Portugal and Ireland. In addition, it anticipated the global balance for refined zinc to shift from a deficit of 164,000 tons in 2024 to a surplus of 148,000 tons in 2025. Further, S&P Global Market Intelligence projected zinc prices to average $2,440 per ton in the fourth quarter of 2024, with a low of $1,700 a ton and a high of $2,540 per ton in the covered quarter.

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

Precious Metals: Gold prices to average $2,615 per ounce in fourth quarter of 2024

Gold prices averaged $2,374.3 per ounce in the year-to-December 11, 2024 period, constituting an increase of 22.5% from an average of $1,937.4 an ounce in the same period last year, due mainly to strong demand for gold by emerging market central banks and individual investors, interest rate cuts, and the increase in geopolitical risks in the Middle East and in Europe, which reinforced the appeal of the metal as a safe haven for investors. Further, the metal's price dropped from an all-time high of $2,784.4 per ounce on October 30, 2024 to $2,716.2 per ounce on December 11, 2024, driven by the increase in U.S. Treasury yields. In parallel, Goldman Sachs considered that the easing of monetary policy by the U.S. Federal Reserve will keep gold prices below $3,000 by the end of 2025, as it expected the dollar to stay stronger for a long period of time. It noted that gold prices would rise in case of elevated financial uncertainties in the near term, as investors seek safe havens. It added that key gold buyers like China, with large US dollar reserves and a long-run strategic interest in diversification, may increase gold demand during periods of local currency weakness to boost confidence in their currency. Further, it expected elevated inflows to gold-backed exchange traded funds to support gold prices in the near term. In addition, S&P Global Market Intelligence projected gold prices to average $2,614.6 per ounce in the fourth quarter of 2024, with a low of $2,350 an ounce and a high of $2,700 per ounce in the covered quarter.

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

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- / -	- / -	- / -	- / -	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B- / Stable	B3 / Stable	B- / Stable	- / -	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B- / Positive	Caa1 / Positive	B / Stable	B / Stable	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	SD / -	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- / Positive	- / -	-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	- / -	- / -	- / -	- / -	-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	S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	LT Foreign currency rating											
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
Bangladesh	B+	B2	B+	-								
	Stable	Negative	Stable	-	-4.8	34.9	3.8	29.0	27.2	102.8	-1.5	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	BB-	B1	BB-	B+								
	Stable	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	4.75	07-Nov-24	Cut 25bps	18-Dec-24
Eurozone	Refi Rate	3.40	17-Oct-24	Cut 25bps	N/A
UK	Bank Rate	4.75	07-Nov-24	Cut 25bps	19-Dec-24
Japan	O/N Call Rate	0.25	31-Oct-24	No change	19-Dec-24
Australia	Cash Rate	4.35	05-Nov-24	No change	10-Dec-24
New Zealand	Cash Rate	4.25	27-Nov-24	Cut 50bps	19-Feb-24
Switzerland	SNB Policy Rate	0.50	12-Dec-24	Cut 50bps	20-Mar-24
Canada	Overnight rate	3.25	11-Dec-24	Cut 50bps	N/A
Emerging Markets					
China	One-year Loan Prime Rate	3.1	20-Nov-24	No change	20-Dec-24
Hong Kong	Base Rate	5.00	08-Nov-24	Cut 25pbs	N/A
Taiwan	Discount Rate	2.00	19-Sep-24	No change	19-Dec-24
South Korea	Base Rate	3.00	28-Nov-24	Cut 25bps	N/A
Malaysia	O/N Policy Rate	3.00	06-Nov-24	No change	N/A
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	4.65	07-Nov-24	Cut 25bps	N/A
Saudi Arabia	Repo Rate	5.25	07-Nov-24	Cut 25bps	N/A
Egypt	Overnight Deposit	27.25	21-Nov-24	No change	26-Dec-24
Jordan	CBJ Main Rate	6.75	10-Nov-23	Cut 25bps	N/A
Türkiye	Repo Rate	50.00	21-Nov-24	No change	26-Dec-24
South Africa	Repo Rate	8.00	21-Nov-24	Cut 25bps	N/A
Kenya	Central Bank Rate	11.25	05-Dec-24	Cut 75bps	N/A
Nigeria	Monetary Policy Rate	27.50	26-Nov-24	Raised 25bps	N/A
Ghana	Prime Rate	27.00	29-Nov-24	No change	27-Jan-25
Angola	Base Rate	19.50	19-Nov-24	No change	N/A
Mexico	Target Rate	10.25	14-Nov-24	Cut 25bps	19-Dec-24
Brazil	Selic Rate	11.25	06-Nov-24	Raised 50bps	N/A
Armenia	Refi Rate	7.00	10-Dec-24	Cut 25bps	N/A
Romania	Policy Rate	6.50	08-Nov-24	No change	N/A
Bulgaria	Base Interest	3.04	02-Dec-24	Cut 18bps	02-Jan-25
Kazakhstan	Repo Rate	15.25	29-Nov-24	Raised 100bps	N/A
Ukraine	Discount Rate	13.00	31-Oct-24	No change	12-Dec-24
Russia	Refi Rate	21.00	25-Oct-24	Raised 200bps	20-Dec-24

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