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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Foreign direct investments up 11% to $1.4 trillion in 2024

The United Nations Conference on Trade & Development (UNCTAD) indicated that global foreign direct investments (FDI) totaled $1.38 trillion (tn) in 2024, constituting increases of 11% from $1.24tn in 2023 and of 4.6% from $1.32tn in 2022. It said that FDI in developing economies stood at $522bn in 2024 and rose by 43% from $365bn in 2023, while FDI in developed economies reached $855bn last year and regressed by 2.4% from $876bn in the preceding year. In addition, it noted that inflows to Asia stood at $588bn and accounted for 42.7% of total FDI inflows in 2024, followed by inflows to North America with $317bn (23%), Latin America & the Caribbean with $173bn (12.6%), Europe with $104bn (7.5%), and Africa with $95bn (7%). It stated that FDI inflows to other developed countries reached $101bn, or 7.3% of total inflows in 2024. In parallel, it said that FDI flows to Asia decreased by $47bn, or by 7.4% last year, followed by a decline of $17bn or of 9% in FDI to Latin America & the Caribbean. It added that FDI inflows in Africa rose by $44bn, or by 86.3% in 2024, followed by an increase of $37bn (13.2%) in North America and a growth of $14bn (16%) in other developed countries. Further, it noted that FDI flows to Europe shifted from outflows of $1bn to inflows of $104bn in 2024.

Source: UNCTAD

EMERGING MARKETS

Eurobonds issuance projected at $575bn in 2025

Bank of America projected sovereigns and corporates in emerging markets (EMs) to issue $575bn in Eurobonds in 2025, compared to $522bn in external debt output in 2024 and $348bn in Eurobonds in 2023. It forecast EMs to issue $175bn in sovereign Eurobonds in 2025, constituting a decrease of 2.2% from $179bn in 2024 and accounting for 30.4% of aggregate issuance for the year. Further, it expected EMs to issue $400bn in corporate Eurobonds in 2025, constituting an increase of 16.6% from $343bn in 2024 and accounting for 69.6% of aggregate issuance for the year. It projected that the Emerging Europe, the Middle East and Africa (EEMEA) region will issue $113bn, or 64.6% of aggregate EM sovereign output in 2025, followed by Latin America with $40bn (23%), and Emerging Asia with $22bn (12.6%), relative to output of $114bn in the EEMEA region, or 63.7% of aggregate EM sovereign output in 2024, followed by Latin America with $42bn (23.5%), and Emerging Asia with $23bn (12.8%). In parallel, it projected principal repayments on sovereign foreign currency bonds to reach $90bn in 2025 relative to $106bn in 2024. It forecast principal repayments in Europe at $25bn, followed by Latin America with $21bn, the Asia Pacific and the Gulf Cooperation Council (GCC) countries with $17bn each, and the Middle East and Africa with $11bn. In parallel, it anticipated EM issuance, net of interest payments and maturities, at $85bn in 2025 compared to $73bn in 2024.

Source: Bank of America, Byblos Research

MENA

Government readiness for Artificial Intelligence varies across countries

Oxford Insights' Government AI Readiness Index for 2024 ranked the UAE in 13th place among 188 countries globally and in first place among 20 Arab countries. Saudi Arabia followed in 22nd place, then Qatar (32nd), Oman (45th) and Jordan (49th) as the five Arab countries with the highest readiness to implement Artificial Intelligence (AI) in the delivery of public services; while the West bank & Gaza (125th), Libya (149th), Sudan (176th), Syria (186th), and Yemen (188th) had the lowest AI readiness among Arab economies. The index measures the readiness of governments to implement Artificial Intelligence in the delivery of public services to their citizens. It consists of 40 indicators across 10 dimensions that are aggregated in three pillars that are the Government, Technology Sector, and Data & Infrastructure pillars. The Arab countries' average score stood at 45.9 points in 2024, and came lower than the global average score of 47.6 points. The average score of Gulf Cooperation Council (GCC) countries was 64.1 points, while the average of non-GCC Arab countries stood at 38.1 points. Also, the Arab countries average score was higher than the average scores of the Asia-Pacific (44.9 points), Latin America & the Caribbean (43 points), South & Central Asia (42.3 points), and Sub-Saharan Africa (32.7 points), while it was lower than the scores of North America (82.6 points), Western Europe (69.6 points), East Asia (57.95 points) and Eastern Europe (57.88 points). In parallel, the UAE was the top ranked Arab country on each of the three pillars.

Source: Oxford Insights, Byblos Research

SAUDI ARABIA

Venture capital funding down 44% to $750m in 2024

Figures released by online platform Magnitt show that venture capital (VC) funding in Saudi Arabia reached $750m in 2024, constituting decreases of 44.2% from $1.34bn in 2023 and of 26.6% from $1.02bn in 2022. Saudi Arabia ranked first in the region in terms of VC investments in 2024 and accounted for 31% of the Middle East and North Africa region's aggregate VC funding. Further, there were 178 deals in the Kingdom in 2024, representing increases of 16.3% from 153 investments in the 2023 and of 10.6% from 161 transactions in 2023. In parallel, VC investments in the e-commerce & retail sector amounted to $247m and accounted for 33% of aggregate VC investments in Saudi Arabia in 2024, followed by investments in fintech firms with $182m (24.3%), the transport & logistics industry with $64m (8.5%), the Information Technology (IT) sector with $54m (7.2%), and enterprise software firms with $34m (4.5%). Also, there were 32 investments in fintech companies, or 18% of the aggregate number of deals in the covered period, followed by enterprise software firms with 21 transactions (11.8%), the IT sector with 18 deals (10.1%), and the e-commerce & retail sector and transport & logistics industry with 17 investments each (9.6% of total each). In parallel, there were seven exits from VC investments in 2024, similar to 2023.

Source: Magnitt, Byblos Research

OUTLOOK

WORLD

Exports of goods to reach $29.2 trillion by 2033

The Boston Consulting Group projected the global exports of goods to increase from $21.9 trillion (tn) in 2023 to $29.2tn in 2033 in constant 2010 US dollars, or by a compound annual gross rate (CAGR) of 3% during the covered period. It forecast trade between the U.S. and Mexico to expand by $315bn by 2033 or by a CAGR of 4%, and between the U.S. and Canada to rise by $147bn or by a CAGR of 1.9% in the 2023-33 period, as companies serving North American markets shift more of their supply chains away from China to the region. Also, it forecast bilateral trade between the U.S. and the European Union (EU) to grow by $303bn or by a CAGR of 3.1% during the covered period, while it projected two-way trade between China and Western countries to contract by $221bn by 2033 or by a CAGR of -1.2%, as China's trade with the U.S. and the EU slows down. In contrast, it anticipated China's trade with the countries of the Global South, which includes 177 countries that account for 30% of global trade, to surge by $1.25tn by 2033, representing a CAGR of 5.9% in the 2023-33 period, and for China's bilateral trade with Russia to rise by $269bn or by a CAGR of 6.3% during the 2023-33 timeframe.

In addition, it forecast trade among Global South nations to expand by $673bn or by a CAGR of 3.8% in the covered period, as they form new trade alliances and partnerships that sidestep the U.S. and the EU. Moreover, it projected trade between the Association of Southeast Asian Nations (ASEAN) and other economies to grow by 3.7% annually in the 2023-33 decade. It expected bilateral trade between the ASEAN and China to increase by $558bn or by a CAGR of 5.6%, and for trade with the U.S. and Europe to rise by $195bn (+4.3%) and by $28bn (+1%), respectively, as the region's manufacturing capabilities improve.

In parallel, it forecast India's trade with other countries to grow by a CAGR of 6.4% through 2033 to $1.8tn annually, as it anticipated bilateral trade between India and the U.S. to grow by $116bn or by a CAGR of 7.5% in the 2023-33 period, and for trade with the ASEAN and Russia to expand by $92bn (+6.2%) and by $69bn (+6.5%), respectively. It added that the Indian government's incentives, a large low-cost workforce, and rapidly improving infrastructure will serve as a production base for companies seeking to diversify supply chains away from China.
Source: Boston Consulting Group

Global unemployment rate projected at 5% in 2025

The International Labor Organization projected global unemployment to reach 187.5 million individuals in 2025, which would constitute an increase of 0.8% from 186 million unemployed individuals in 2024. As such, it forecast the global unemployment rate to remain stable at about 5% in 2025, as the ongoing global economic expansion is continuing to create jobs. Further, it projected the Asia-Pacific region to have 88.1 million unemployed individuals in 2025 and to account for 47% of the global unemployed population, followed by 39 million persons in Africa (20.8% of the total), 29.2 million individuals in the Americas (15.6%), 24.9 million unemployed persons in Europe and Central Asia (13.3%), and 6.3 million individuals in Arab States (3.4%). As a result, it forecast the unemployment rate at 9.4% in Arab countries in 2025, and at 6.4% in Africa, at 5.6% the Americas, at 5.5% in Europe and Central Asia, and at 4.1% in the Asia-Pacific region.

In parallel, it expected ageing populations and skills mismatches in North America to increase labor and skills shortages in the region, while it anticipated labor productivity to be boosted by technology and innovation. Also, it noted that decreasing youth participation and ageing populations in the Asia-Pacific are contributing to long-term downward trends in the labor force participation rates in the region. It considered that labor shortages in Europe could be a sign of longer-term factors, such as increasing labor demand in renewable energy and sustainable technology sectors that require specific new skills.

In addition, it pointed out that employment in Sub-Saharan Africa is growing at a faster pace than unemployment, but added that the informal sector continues to undermine the headline employment and unemployment indicators in the region. Further, it considered that youth unemployment rates in Arab countries tend to increase with higher levels of education, due in part to the lack of job creation for higher-skilled graduates, as well as to shortcomings in the education system's ability to equip graduates with the skills and knowledge that the labor market demands.
Source: International Labor Organization

AFRICA

Economic activity to average 4.2% in 2025-26 period, outlook subject to downside risks

The World Bank projected the real GDP growth rate of Sub-Saharan Africa (SSA) to accelerate from 3.2% in 2024 to an annual average of 4.2% in the 2025-26 period, relative to a previous forecast of 3.5% for 2024 and 4% for the 2025-26 period, driven primarily by improvements in the outlook of commodity-exporting countries. But, it indicated that limited fiscal space will continue to weigh on government spending across, which will constrain the region's economic growth.

Further, it projected economic activity in SSA, excluding Angola, Nigeria and South Africa, to grow by 5.2% this year and 5.3% in 2026. Also, it expected the real GDP growth rate of Eastern and Southern Africa at 4.1% in 2025 and 4.2% in the 2026, and for economic activity in Western and Central Africa to expand by 4.2% in 2025 and 4.3% in the 2026. Further, it anticipated economic growth in non-resource-rich countries to increase from 5.5% in 2024 to 6.3% in the 2025-26 period, mainly driven by an oil-related infrastructure boom in Uganda ahead of the start of oil production. In addition, it considered that economic activity in Nigeria and South Africa will continue to lag behind those of the rest of the region, as it anticipated Nigeria's real GDP growth rate at 3.6% and South Africa's economic growth at 1.9% in the 2025-26 period. Moreover, it expected debt-servicing costs to remain elevated, which will limit fiscal space in many SSA economies to support the population and invest in growth-enhancing public projects.

In parallel, it considered that risks to the SSA region's economic outlook are tilted to the downside and include a rise in global geopolitical tensions, a further deterioration in regional political stability, a sharper-than-expected economic slowdown in China, and increased risks of government debt distress.
Source: World Bank

ECONOMY & TRADE

UAE

Real GDP growth rate projected at 4% in 2025

The International Monetary Fund (IMF) projected the real GDP growth rate of the United Arab Emirates at 4% in 2025, despite lower-than-expected oil production related to oil output cuts under the OPEC+ agreement. Also, it forecast the hydrocarbon sector to grow by 2% this year, and for non-hydrocarbon sector activity to be supported by tourism, construction, public expenditures, and continued growth in financial services. Further, it noted that the fiscal and external surpluses will remain comfortable despite lower oil production. As such, it forecast the fiscal surplus at 4% of GDP in 2025 relative to 5% of GDP in 2024, and the current account surplus at 7.5% of GDP in 2025. Also, it forecast the public debt level at around 30% of GDP in 2025 and international reserves at a healthy 8.5 months of imports. In addition, it called on the authorities to develop a medium-term fiscal framework in order to have a coordinated national fiscal stance and promote long-term sustainability. It added that reforms continue to support medium-term growth, and called on the authorities to prioritize and sequence the reform measures to produce effective results. However, it indicated that the near-term economic outlook is subject to elevated global risks and uncertainties. It considered that turbulent external conditions could tighten global financial conditions, weaken global growth, and increase oil price volatility, which could impact the UAE's fiscal and external balances. But it noted that significant financial buffers should help mitigate short-term risks.

Source: International Monetary Fund

ANGOLA

High economic risks amid increasing external challenges

Bank of America indicated that Angola benefits from stronger real GDP growth rates, small fiscal deficits, positive current account balances, and high foreign currency buffers, despite capital outflows from the oil sector. However, it noted that shocks such as low oil prices would weaken the economy, and that the depreciation of the local currency would increase external debt vulnerabilities. It considered that the Angolan authorities have to reach an agreement with the International Monetary Fund in case of the country's lack of access to international markets and if oil prices decrease. It said that Angola's economy is still highly dependent on oil, as the hydrocarbon sector accounts for 30% of GDP and for 95% of the country's exports receipts. Further, it pointed out that the Angolan government issued $1.93bn in Eurobonds due in 2030 in a total return swap transaction, in return for one-year financing from a global investment bank, which poses refinancing risks amid elevated principal repayments. It indicated that Angola has high external financing requirements that are equivalent to 10% of GDP currently. It indicated that the country's biggest challenge is its debt stock that is dominated by external commercial obligations, which makes debt-servicing costs very high. In addition, it noted that Angola missed external commercial debt payments to a lender that is under sanctions. It said that Angola was willing and able to make the payment but could not complete it due to a *force majeure*. As a result, it did not expect the rating agencies to declare Angola in default on its obligations.

Source: Bank of America

ARMENIA

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Armenia's long-term foreign and local currency issuer default ratings at 'BB-', which is three notches below investment grade, and maintained the 'stable' outlook on the long-term ratings. It attributed the ratings' affirmation to the country's robust macroeconomic policy framework, increase in per capita income, and favorable governance indicators relative to similarly-rated peers. It noted that wide fiscal deficits compared to peers, relatively weak external finances, the high dollarization rate of the banking sector, and geopolitical risks are weighing on the ratings. Further, it expected the fiscal loosening in 2025 to increase the government's debt from 49.7% of GDP in 2024 to 55% of GDP in 2026, but it assumed that the authorities will comply with fiscal rules that are triggered when the government debt exceeds 50% of GDP, which would lead to a slowdown in current expenditures. Further, it forecast the net external debt to average 26.8% of GDP in the 2025-26 period, which is twice the projected median of similarly-rated sovereigns, and for the current account deficit to average 4.3% of GDP in the 2025-26 period, and noted that the two indicators constitute a rating weakness. Also, it forecast international reserves to reach 3.2 months of current external payments in the 2025-26 period, compared to 4.9 months for the median of 'BB'-rated sovereigns. In parallel, it said that it could downgrade the ratings in case geopolitical risks undermine political and economic stability, if the public debt level rises substantially, and/or in case of a sizeable decline in foreign reserves.

Source: Fitch Ratings

DEM REP CONGO

Sovereign rating affirmed, outlook 'stable'

S&P Global Ratings affirmed the Democratic Republic of the Congo's (DRC) short-and long-term local and foreign currency sovereign credit ratings at 'B' and 'B-', respectively, and maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings' affirmation balances its expectations that the DRC's economic growth will remain robust against the economy's high exposure to commodity price volatility and low GDP per capita. It considered that the economy's heavy dependence on the mining sector makes it highly vulnerable to security risks. It indicated that the 'stable' outlook reflects the agency's expectations of a gradual decline in external, inflationary, and security pressures in 2025. In addition, it considered that the extension of the International Monetary Fund-backed financing programs would support the structural reforms that the authorities started under the previous program, improve the DRC's long-term economic fundamentals, and strengthen the country's long-term financing and access to donor support. But it said that external risks could be elevated in 2025, as the country remains susceptible to adverse exchange rate movements and mining sector dynamics, although foreign currency reserves have improved in recent years to reach 3.3 months of imports at end-2024. Also, it forecast the country's gross external financing needs at 101% of current account receipts and usable reserves in 2025, as well as at 99.5% of such receipts and reserves in each of 2026 and 2027. It said that it could downgrade the ratings if political or security conditions worsen, and/or if fiscal vulnerabilities increase significantly.

Source: S&P Global Ratings

BANKING

SAUDI ARABIA

Agency takes rating actions on eight banks

Capital Intelligence Ratings (CI) upgraded the long-term foreign currency rating of Al Rajhi Banking and Investment Corporation (ARB) and the Saudi National Bank (SNB) from 'A+' to 'AA-', the ratings of Arab National Bank (ANB) and Saudi Awwal Bank (SAB) from 'A' to 'A+'; and the ratings of Bank Al Jazira (BAJ) and the Saudi Investment Bank (SAIB) from 'A-' to 'A' following its similar action on the sovereign ratings. It also affirmed the long-term foreign currency ratings of Banque Saudi Fransi (BSF) and Riyad Bank (RB) at 'A+' and the short-term foreign currency ratings of the two banks at 'A1'. Further, CI noted that the banks' ratings reflect the capacity of the Saudi Arabian authorities to support domestic banks in case of need. In addition, it affirmed the Bank Standalone Ratings (BSRs) of ARB and SNB at 'a-', those of ANB, SAB, BSF and RB at 'bbb+', and the BSRs of BAJ and SAIB at 'bbb'. Also, it maintained the outlook on the eight banks' long-term ratings at 'stable', which indicates that the ratings are unlikely to change in the next 12 months, given the stability of their business and financial metrics. Further, it pointed out that the ratings of the eight banks are supported by robust capital metrics, strong asset quality, and good profitability metrics. It said that SAB, SAIB and BSF are exposed to high concentration in loans and deposits. Also, it indicated that the ratings of SAIB, SNB, and BSF are supported by their strong credit loss absorption capacity, while it noted that the rating of BSF is underpinned by its low level of non-performing loans. Further, it said that the Core Financial Strength ratings of ANB, BAJ and SAIB are constrained by their small size and position in the Saudi market.

Source: Capital Intelligence Ratings

KUWAIT

Banks' ratings affirmed, outlook 'stable'

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of the National Bank of Kuwait (NBK) at 'A+' and the ratings of Al Ahli Bank of Kuwait (ABK), Burgan Bank (BB), Commercial Bank of Kuwait (CBK), and Kuwait Finance House (KFH) at 'A', and affirmed the 'stable' outlook on the banks' IDRs. It indicated that the ratings of NBK, ABK, BB, CBK, and KFH take into account the high likelihood of extraordinary support from the government in case of need. Further, it affirmed the Viability Rating (VR) of NBK at 'a-', the rating of CBK at 'bb+', and the VRs of ABK and BB at 'bb', while it upgraded the VR of KFH from 'bb+' to 'bbb-' amid better business conditions in some of its core markets and the bank's leading Islamic banking franchise. It pointed out that the VRs of the banks are supported by a stable operating environment and good asset quality. It noted that the ratings of NBK, BB, CBK, and KFH are underpinned by their adequate capitalization, while the VR of ABK reflects its moderate capital ratios. Further, it said that the VR of CBK is supported by the bank's strong profitability, while the rating of NBK is underpinned by its good profit ratios. It added that the VR of KFH reflects its reasonable profitability, the rating of BB is constrained by its weak profit ratios, while the VR of ABK takes into account its moderate profitability. It pointed out that the VRs of NBK and KFH are supported by their strong funding and liquidity metrics, while the ratings of ABK, BB, and CBK are underpinned by their stable funding and liquidity buffers.

Source: Fitch Ratings

TÜRKIYE

Elevated credit risk assessment maintained

S&P Global Ratings maintained Türkiye's Banking Industry Country Risk Assessment (BICRA) in 'Group 9'. But it upgraded its economic risk score from '9' to '8' and maintained the industry risk score at '9'. 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 9' consist of Argentina, Bangladesh, Cambodia, El Salvador, Kenya, Mongolia, and Vietnam. The agency indicated that Türkiye's economic risk score reflects its "very high risks" in its economic resilience and credit risks in the economy, as well as "high risks" in its economic imbalances. It projected the sector's non-performing loans ratio to increase from 1.8% as end-2024 to about 2.4% of by end-2025, for the banks' credit losses to rise from 138 basis points in 2023 to between 170 bps and 190 bps in the 2024-25 period due to tightening financing conditions, slowing economic activity, a further depreciation of the Turkish Lira, and persistent inflationary pressures. In parallel, S&P noted that the industry score reflects the country's "very high risks" in its system-wide funding, in its institutional framework, and in its competitive dynamics. Iit considered that the Turkish banks' funding profiles remain risky due to the banks' reliance on short-term external funding and high deposit dollarization rates, despite the positive sentiment of foreign investors and domestic residents. It added that the trend for the economic risk is 'stable' and for the industry risks is 'positive'.

Source: S&P Global Ratings

NIGERIA

Banks resilient amid macroeconomic pressures

S&P Global Ratings indicated that the macroeconomic environment for banks in Nigeria remains challenging, due to persistent high inflation and interest rates, a strained fiscal position, foreign currency supply constraints, and a weak Nigerian naira. Also, it said that loans grew by 50% to 60% in the 2023-24 period due to the naira's depreciation, but it noted that the real growth rate of lending has been muted and forecast loan growth to average 25% to 30% in 2025 due mainly to lending to the oil and gas sector. It projected the nominal stock of non-performing loans (NPLs) to rise by 14% in 2025, and for the NPLs ratio to regress from 4.3% in 2024 to 3.8% this year due to the increase in gross loans. It pointed out that pressure on asset quality will persist, and estimated the credit loss ratio at 2.5% to 3% in 2025 due to the depreciation of the naira, as foreign currency loans account for 50% of the banks' loan books on average. In parallel, it said that Nigerian banks have limited external financing risk, as they are largely funded by customer deposits that account for more than 80% of their funding base. It expected the banks' loans-to-deposits ratio to remain stable at 95% to 100% in the near term, and for the sector to remain in a net external debt position of less than 10% of its loans through 2026. Further, it expected that the banks' capital increase, as part of the new paid-up capital requirements, will support their loss absorption capacity. Also, it anticipated the banks to maintain their strong financial performance in 2025, supported by the increase in their net interest income and unrealized gains from their positive net open positions, which would translate into an average return on equity of 20% to 25% in 2025.

Source: S&P Global Ratings

ENERGY / COMMODITIES

Oil prices to average $65 p/b in first quarter of 2025

ICE Brent crude oil front-month prices reached $76.6 per barrel (p/b) on January 29, 2025, constituting a decrease of 3.1% from $79 p/b a week earlier, driven by a higher-than-expected increase in U.S. crude oil inventories that rose to 3.46 million barrels. In parallel, Citi Research projected the global oil market to post a surplus of 0.8 million barrels per day (b/d) in 2025 even if the OPEC+ coalition holds its output cuts throughout the year. It indicated that the possibility of a breakthrough in the war between Russia and Ukraine could ease crude and refined production, although supply risks remain high in Libya and Iran. It added that the spare capacity of OPEC+ producers is ample and growing, which will cap the upside risk to oil prices from possible supply disruptions. Further, it said that global oil demand could decrease if trade tariffs increase. Also, it forecast global oil supply to grow by 2 million b/d in 2025 in case of elevated oil output from non-OPEC+ producers, if the UAE's production quotas increase, and if Libyan oil output rises. It said that the de-escalation of the conflict in the Middle East and/or potential new developments on the Iran nuclear deal could result in unlocking Iran's full production potential, which could add 0.2 million b/d to 0.3 million b/d of crude oil to the market in the near term. In addition, it expected global oil demand to increase by 0.9 million b/d but to be vulnerable to downside risks from renewed trade tensions. In parallel, it projected oil prices to average $65 p/b in the first quarter of 2025 and $60 p/b in full year 2025.

Source: Citi Research, Refinitiv, Byblos Research

Iraq's oil exports at 101 million barrels in December 2024

Figures issued by the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 101 million barrels in December2024, constituting an increase of 2.2% from 98.87 million barrels in November 2024 and a decrease of 2.2% from 103.3 million barrels in December 2023. Exports from the central and southern fields stood at 100.2 million barrels in December 2024 compared to 98.6 million barrels in November 2024.

Source: Iraq Ministry of Oil, Byblos Research

Kuwait's crude oil production nearly unchanged in November 2024

Crude oil production in Kuwait totaled 2.41 million barrels per day (b/d) in November 2024, nearly unchanged from 2.4 million (b/d) in the preceding month. Further, crude oil exports from Kuwait stood at 2.45 million b/d in November 2024, representing an increase of 3% from 2.38 million b/d in October 2024 and a decrease of 0.7% from 2.47 million b/d in November 2023.

Source: Joint Organizations Data Initiative, Byblos Research

Demand for natural gas to increase by 2% in 2025

The International Energy Agency projected the global demand for natural gas to reach 4,292 billion cubic meters (bcm) in 2025, constituting an increase of 2% from 4,212 bcm in 2024. It forecast demand for natural gas in North America at 1,183 bcm and to represent 27.6% of the world's aggregate demand in 2025, followed by the Asia Pacific region with 991 bcm (23%), Eurasia with 671 bcm (15.6%), the Middle East with 625 bcm (14.6%), Europe with 493 bcm (11.5%), Africa with 181 bcm (4.2%), and Central and South America with 148 bcm (3.4%).

Source: International Energy Agency, Byblos Research

Base Metals: Aluminum prices to average $2,550 per ton in first quarter of 2025

The LME cash price of aluminum averaged $2,421.4 per ton in 2024, constituting an increase of 7.4% from an average of $2,254.9 a ton in 2023. Prices averaged $2,203.4 per ton in the first quarter and rose to $2,522.8 per ton in the second quarter of 2024, due to the ban from the London Metal Exchange on Russian metal exports, as well as to expectations of increased demand for non-ferrous metals due to the energy transition. As such, aluminum prices reached a high of $2,721.1 per ton on May 29, 2024. Also, the metal's prices decreased to an average of $2,384.7 per ton in the third quarter of the year, driven by increased Chinese supply and weak demand from China's property sector. Further, aluminum prices improved to an average of $2,573.1 per ton in the fourth quarter, due to increasing global demand for the metal. In parallel, Citi Research indicated that global aluminum inventories stayed largely unchanged in 2024 and that the metal's inventory level was more abundant in China compared to other regions. Also, it said that Western sanctions and self-imposed restrictions on Russian aluminum led to an increase in risk premiums in Europe and the U.S, which affected the global aluminum trade, as the majority of the metal's stock on the London Metal Exchange originated from Russia. In addition, it expected China's domestic aluminum inventory to grow starting January 2025, due to seasonal surpluses in the country's domestic production. Also, it forecast aluminum prices to average $2,550 per ton in the first quarter of 2025, and to average $2,640 a ton in full year 2025.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Palladium prices to average $1,000 per ounce in first quarter of 2025

Palladium prices averaged $983.4 per troy ounce in 2024, constituting a drop of 26.5% from an average of $1,338.8 an ounce in 2023. Prices averaged $980.2 an ounce in the first quarter of 2024 and declined to $972.9 per ounce in the second quarter and to $969.5 per ounce in the third quarter of the year, driven by reduced demand for autocatalysts in the automotive sector due to higher penetration levels of electric vehicles that have restrained the demand for the metal. Also, palladium prices increased to $1,010.8 in the fourth quarter of 2024 due to the sanctions that the U.S. imposed on Russian exports of the metal. Also, palladium prices reached $1,222 an ounce on October 29, 2024, their highest level since December 26, 2023 when they stood at $1,223 an ounce, due to reduced output from major producers and rising demand from the automotive sector. In parallel, Citi Research anticipated the global supply of palladium at 9.27 million ounces in 2025, which would constitute an increase of 1.7% from 9.12 million ounces in 2024, with refined output representing 68% of global output in 2025. Also, it forecast demand for the metal at 9.76 million ounces in 2025, nearly unchanged from 9.75 million ounces in 2024. Also, it anticipated the long-term decline of palladium prices to continue in 2025, but considered a potential increase in the metal's price in the short term to be an opportunity for producers to boost hedging and for speculators to open short positions. It considered that the long-term outlook of palladium remains negative due to the metal's limited usage in other sectors. Further, it forecast palladium prices to average $1,000 per ounce in the first quarter of 2025, and to average $965 an ounce in full year 2025.

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 Stable	B- Stable	- -	-1.0	62.06	4.7	52.2	25.9	105.8	2.7	-2.7
Egypt	B- Positive	Caa1 Positive	B Stable	B Stable	-4.6	73.3	2.7	97.3	14.6	179.1	-18.5	16.4
Ethiopia	SD -	Caa3 Stable	CCC- -	-	-2.5	22.0	0.5	32.1	5.9	158.7	-3.1	1.8
Ghana	SD -	Ca positive	RD -	- -	-3.2	66.1	0.7	54.3	22.7	139.7	3.0	2.0
Côte d'Ivoire	BB Stable	Ba2 Stable	BB- Stable	- -	-4.2	57.0	3.6	45.0	14.6	119.9	-4.6	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.5	14.5	1.2	5.9	2.2	103.8	-5.4	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	- -	-5.6	41.2	4.1	71.2	28.9	126.8	0.6	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	- -	- -	- -	-5.8	58.0	1.2	59.0	11.4	156.8	-5.4	0.5
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.6	69.5	3.5	19.8	9.5	111.5	-11.7	3.7
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ Stable	-4.9	133.7	-3.5	138.2	29.7	331.1	2.1	1.0
Iran	- -	- -	- -	- -	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.5	45.6	15.3	3.2	3.1	42.6	5.6	-1.4
Jordan	BB- Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.8	92.6	1.9	68.5	12	150.3	-4.4	1.6
Kuwait	A+ Stable	A1 Stable	AA- Stable	AA- Stable	-3.9	5.2	2.2	45.3	0.4	107.9	15.4	-4.8
Lebanon	SD -	C -	RD** -	- -	0.0	213.0	8.8	181.1	9.0	160.6	-20.1	2.8
Oman	BBB- Stable	Ba1 Positive	BB+ Stable	BB+ Stable	-7.3	51.7	4.4	26.0	6.5	101.2	-8.3	2.1
Qatar	AA Stable	Aa2 Stable	AA- Positive	AA Stable	4.0	47.7	2.2	115.4	5.0	168.0	16.7	-0.2
Saudi Arabia	A Positive	A1 Positive	A+ Stable	AA- Stable	-2.8	24.6	10.3	25.3	3.5	67.7	-0.2	0.5
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	-4.6	49.8	2.0	29.6	11.5	114.7	-3.1	2.2
China	A+	A1	A+	-								
	Stable	Negative	Stable	-	-3.0	65.2	10.9	20.6	5.8	60.9	2.3	0.7
India	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-7.8	84.0	7.3	29.8	25.2	82.2	-1.3	1.0
Kazakhstan	BBB-	Baa2	BBB	-								
	Stable	Positive	Stable	-	-3.1	26.4	4.1	29.4	8.1	100.4	-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	32.1	3.8	29.0	29.0	102.8	-1.5	0.4
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Positive	Stable	Positive	-	-2.5	24.5	2.0	19.5	1.5	102.8	-0.5	2.0
Romania	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-7.3	51.7	4.4	25.9	6.5	101.2	-8.3	2.1
Russia	-	-	-	-								
	-	-	-	-	-	18.2	18.0	23.6	4.4	45.0	12.1	-0.7
Türkiye	BB-	B1	BB-	BB-								
	Stable	Positive	Stable	Stable	-5.1	27.0	1.4	63.6	10.8	149.0	-1.2	0.4
Ukraine	CC	Ca	CC	-								
	Negative	Stable	-	-	-17.0	91.6	4.6	40.7	10.1	108.	-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 2025

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	4.50	29-Jan-25	No change	19-Feb-25
Eurozone	Refi Rate	3.15	12-Dec-24	Raised 25bps	30-Jan-25
UK	Bank Rate	4.75	19-Dec-24	Cut 25bps	06-Feb-25
Japan	O/N Call Rate	0.50	24-Jan-25	Raised 25bps	19-Feb-25
Australia	Cash Rate	4.35	10-Dec-24	No change	18-Feb-25
New Zealand	Cash Rate	4.25	27-Nov-24	Cut 50bps	19-Feb-25
Switzerland	SNB Policy Rate	0.50	12-Dec-24	Cut 50bps	20-Mar-25
Canada	Overnight rate	3.00	29-Jan-25	Cut 25bps	12-Mar-25
Emerging Markets					
China	One-year Loan Prime Rate	3.1	20-Jan-24	No change	20-Feb-25
Hong Kong	Base Rate	4.75	19-Dec-24	Cut 25pbs	N/A
Taiwan	Discount Rate	2.00	19-Dec-24	No change	20-Mar-25
South Korea	Base Rate	3.00	16-Jan-25	No change	25-Feb-25
Malaysia	O/N Policy Rate	3.00	22-Jan-25	No change	06-Mar-25
Thailand	1D Repo	2.25	18-Dec-24	No change	26-Feb-25
India	Repo Rate	6.50	06-Dec-24	No change	07-Feb-25
UAE	Base Rate	4.40	18-Dec-24	Cut 25bps	N/A
Saudi Arabia	Repo Rate	5.00	18-Dec-24	Cut 25bps	N/A
Egypt	Overnight Deposit	27.25	26-Dec-24	No change	N/A
Jordan	CBJ Main Rate	6.75	10-Nov-24	Cut 25bps	N/A
Türkiye	Repo Rate	45.00	23-Jan-25	Cut 250bps	06-Mar-25
South Africa	Repo Rate	8.00	21-Nov-24	Cut 25bps	30-Jan-25
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	27-Jan-25	No change	31-Mar-25
Angola	Base Rate	19.50	21-Jan-25	No change	N/A
Mexico	Target Rate	10.00	19-Dec-24	Cut 25bps	06-Feb-25
Brazil	Selic Rate	13.25	29-Jan-25	Raised 100bps	N/A
Armenia	Refi Rate	7.00	10-Dec-24	Cut 25bps	04-Feb-25
Romania	Policy Rate	6.50	15-Jan-25	No change	14-Feb-25
Bulgaria	Base Interest	2.95	02-Dec-24	Cut 9bps	03-Feb-25
Kazakhstan	Repo Rate	15.25	17-Jan-25	No change	N/A
Ukraine	Discount Rate	14.50	23-Jan-25	Raised 150bps	14-Feb-25
Russia	Refi Rate	21.00	20-Dec-24	Raised 200bps	14-Feb-25

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